

Report of Audit
on the
Financial Statements
of the
Borough of Fanwood
in the
County of Union
New Jersey
for the
Year Ended
December 31, 2012

BOROUGH OF FANWOOD

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BOROUGH OF FANWOOD

PART I

INDEPENDENT AUDITOR'S REPORT ON
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YEAR ENDED DECEMBER 31, 2012



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Fanwood
County of Union
Fanwood, New Jersey 07023

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Fanwood, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

SUPLEE, CLOONEY & COMPANY

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Fanwood as of December 31, 2012 and 2011, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2012.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2012 and 2011, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Fanwood's regulatory financial statements. The supplementary information and data and schedules of federal awards and state financial assistance listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents, schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2013 on our consideration of the Borough of Fanwood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Fanwood's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

March 29, 2013

CURRENT FUND

BOROUGH OF FANWOOD

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2012	BALANCE DECEMBER 31, 2011
<u>ASSETS</u>			
Cash	A-4	\$ 2,059,627.76	\$ 1,280,322.66
Cash - Change Funds	A-6	350.00	200.00
Due from State of New Jersey-Senior Citizens Deductions	A-8	4,079.00	4,579.01
State Aid Receivable	A-5	314,584.52	375,633.87
		<u>\$ 2,378,641.28</u>	<u>\$ 1,660,735.54</u>
Receivables With Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 291,223.47	\$ 329,830.42
Tax Title Liens Receivable	A-10	22,761.35	21,429.28
Property Acquired for Taxes-Assessed Valuation	A-11	12,279.00	12,279.00
Revenue Accounts Receivable	A-12	15,192.76	18,559.05
Sewer Charges Receivable	A-29	4,397.52	409.27
Interfunds Receivable	A-23	35,607.70	4,058.43
	A	<u>\$ 381,461.80</u>	<u>\$ 386,565.45</u>
Deferred Charges:			
Emergency Appropriation 40A:4-43	A-19	\$ 55,000.00	\$
Emergency Appropriation 40A:4-55	A-19	500,000.00	49,353.00
		<u>\$ 555,000.00</u>	<u>\$ 49,353.00</u>
		<u>\$ 3,315,103.08</u>	<u>\$ 2,096,653.99</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>BALANCE DECEMBER 31, 2011</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 313,718.97	\$ 313,234.87
Encumbrances Payable	A-24	647,222.80	351,281.76
Prepaid Taxes	A-17	89,227.01	95,608.56
Tax Overpayments	A-18	14,719.17	10,449.64
Interfunds Payable	A-23		5,758.56
County Taxes Payable	A-20	10,773.21	8,589.09
School Taxes Payable	A-21	104,981.81	116,740.39
Reserve for:			
Due State of New Jersey:			
Marriage License Fees	A-16		125.00
State Training Fees	A-25	1,076.54	2,641.54
Burial Permits	A-27	35.00	35.00
Tax Appeals	A-28	39,624.80	39,624.80
Library	A-30	4,905.76	4,905.76
Sale of Municipal Assets	A-14	125.00	125.00
Grants - Appropriated	A-22	366,852.33	280,091.82
Grants - Unappropriated	A-15	1,226.00	17,716.09
Fire Fines and Penalties	A-26	25.00	25.00
Snow Removal	A-31	25,000.00	
Salary Increases	A-32	122,336.55	
Emergency Note Payable	A-33	500,000.00	
		<u>\$ 2,241,849.95</u>	<u>\$ 1,246,952.88</u>
Reserve for Receivables and Other Assets	A	381,461.80	386,565.45
Fund Balance	A-1	<u>691,791.33</u>	<u>463,135.66</u>
		<u>\$ 3,315,103.08</u>	<u>\$ 2,096,653.99</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

"A-1"

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2012</u>	<u>YEAR ENDED DECEMBER 31, 2011</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 215,000.00	\$ 774,934.00
Miscellaneous Revenue Anticipated	A-2	2,310,523.89	2,084,288.57
Receipts From Delinquent Taxes	A-2	328,673.70	320,978.99
Receipts From Current Taxes	A-2	27,867,332.85	27,484,912.34
Non-Budget Revenue	A-2	231,394.93	111,438.31
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	181,651.22	167,942.65
Interfunds Returned			5,534.58
Tax Overpayments Canceled			4,546.52
Reserve for Prepaid Regional School Taxes			87,058.80
<u>TOTAL INCOME</u>		<u>\$ 31,134,576.59</u>	<u>\$ 31,041,634.76</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS":			
Operating	A-3	\$ 6,276,414.66	\$ 5,782,494.00
Deferred Charges and Statutory Expenditures	A-3	769,312.12	896,597.13
Operations Excluded From "CAPS":			
Other Operations	A-3	945,912.68	967,955.68
Capital Improvement Fund	A-3	125,000.00	120,000.00
Deferred Charges	A-3	49,353.00	70,000.00
Municipal Debt Service	A-3	862,761.95	858,903.04
Regional School Tax	A-21	16,944,403.70	17,136,446.30
County Taxes	A-20	5,232,055.35	4,916,776.06
County Share of Added Taxes	A-20	9,158.19	8,588.75
Interfunds Advanced		31,549.27	
Refund of Prior Year Revenue			25,700.68
<u>TOTAL EXPENDITURES</u>		<u>\$ 31,245,920.92</u>	<u>\$ 30,783,461.64</u>
Excess (Deficit) in Revenue		\$ (111,344.33)	\$ 258,173.12
Adjustment to Income Before Fund Balance:			
Expenditures Included above which are by Statute		555,000.00	49,353.00
Deferred Charges to Budgets of Succeeding Years			
Statutory Excess to Fund Balance		\$ 443,655.67	\$ 307,526.12
Fund Balance			
Balance, January 1	A	463,135.66	930,543.54
		\$ 906,791.33	\$ 1,238,069.66
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	215,000.00	774,934.00
Balance, December 31	A	<u>\$ 691,791.33</u>	<u>\$ 463,135.66</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	REF.	BUDGET	SPECIAL N.J.S. 40A: 4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Appropriated	A-1	\$ 215,000.00		\$ 215,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-12	\$ 7,600.00		\$ 7,625.00	\$ 25.00
Other	A-2	3,900.00		4,113.00	213.00
Fees and Permits:					
Construction Code Official	A-12	174,000.00		152,775.00	(21,225.00)
Other	A-2	73,000.00		54,998.00	(18,002.00)
Municipal Court Fines	A-12	213,000.00		216,727.01	3,727.01
Interest and Costs on Taxes	A-12	73,000.00		83,727.39	10,727.39
Parking Meters & Permits	A-2	273,000.00		273,761.83	761.83
Interest on Investments	A-12	30,000.00		29,112.91	(887.09)
Energy Receipts Tax	A-12	755,288.00		755,288.00	
Township of Scotch Plains - Interlocal Agreement :					
Street Lighting	A-12	2,000.00		2,000.00	
Clean Communities Program	A-5	10,227.32		10,227.32	
Body Armor Replacement Fund	A-5	1,919.25	1,988.62	3,907.87	
Municipal Alliance	A-5	2,123.75		2,123.75	
Greening Union County	A-5	717.00		717.00	
Click It or Ticket	A-5	4,000.00		4,000.00	
Housing Rehabilitation	A-5	66,750.00		66,750.00	
Union County Heart Grant	A-5		1,000.00	1,000.00	
Recycling Tonnage Grant	A-5	15,079.84	12,508.62	27,588.46	
Sewer Fees	A-29	38,126.25		31,175.26	(6,950.99)
Uniform Fire Safety Act	A-12	5,000.00		4,796.02	(203.98)
Verizon TV	A-12	55,393.00		55,393.44	0.44
Bulk Waste Pick Up	A-12	18,000.00		15,275.00	(2,725.00)
Cable T.V. Franchise Fee	A-12	38,307.00		38,307.30	0.30
Communications Tower Rental	A-12	32,750.00		32,255.33	(494.67)
Metro PCS Rental Fees	A-12	36,000.00		36,000.00	
Sale of Municipal Assets	A-12	300,000.00		300,000.00	
P.I.L.O.T. Elite Phase I	A-12	50,000.00		30,879.00	(19,121.00)
Capital Surplus	A-12	70,000.00		70,000.00	
	A-1	\$ 2,349,181.41	\$ 15,497.24	\$ 2,310,523.89	\$ (54,154.76)
Receipts From Delinquent Taxes	A-1	\$ 329,000.00		\$ 328,673.70	\$ (326.30)
Property Tax for Support of Municipal					
Budget Appropriation:					
Local Tax for Municipal Purposes	A-2:A-9	\$ 5,610,234.26		\$ 5,714,276.94	\$ 104,042.68
Minimum Library Tax	A-2:A-9	379,825.00		379,825.00	
		\$ 5,990,059.26		\$ 6,094,101.94	\$ 104,042.68
<u>Budget Totals</u>		\$ 8,883,240.67	\$ 15,497.24	\$ 8,948,299.53	\$ 49,561.62
Non-Budget Revenue	A-1 ;A-2	\$		\$ 231,394.93	\$ 231,394.93
		\$ 8,883,240.67	\$ 15,497.24	\$ 9,179,694.46	\$ 280,956.55
	REF.	A-3	A-3		

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>	
Allocation of Current Tax Collections:		
Collected	A-1:A-9	\$ 27,867,332.85
Allocated to:		
Schools and County Taxes		<u>22,197,376.36</u>
Support of Municipal Budget Appropriations		\$ 5,669,956.49
Add: Appropriation Reserve for Uncollected Taxes	A-3	<u>424,145.45</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u>6,094,101.94</u>
Other Licenses:		
Health Officer	A-12	\$ 3,113.00
Clerk	A-12	<u>1,000.00</u>
	A-2	\$ <u>4,113.00</u>
Other Fees and Permits:		
Health Officer	A-12	\$ 10,046.00
Police Department	A-12	27,114.00
Zoning	A-12	5,964.00
Fire Inspection	A-12	11,254.00
Clerk	A-12	<u>620.00</u>
	A-2	\$ <u>54,998.00</u>
Parking Meters	A-12	\$ 277,505.83
Less: Refunds	A-4	<u>3,744.00</u>
	A-2	\$ <u>273,761.83</u>
Miscellaneous Revenue Not Anticipated:		
Senior Citizens - Administrative Fee		\$ 1,469.83
Insurance Refund		3,690.35
Reimbursements		15,345.85
Motor Vehicle Fine Reimbursements		14,003.75
Verizon Tower Fee		25,606.60
Tax Collector		89,423.53
Hurricane Irene		46,234.93
Miscellaneous		<u>35,620.09</u>
	A-4	\$ <u>231,394.93</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FAIRWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
OPERATIONS WITHIN "CAPS"				
GENERAL GOVERNMENT				
Administrative and Executive:				
Salaries and Wages	\$ 160,942.00	\$ 163,179.49	\$ 163,179.49	\$ 1,697.45
Other Expenses	45,870.00	45,870.00	44,172.55	365.00
Office of the Mayor:				
Salaries and Wages	500.00	500.00	135.00	23.63
Other Expenses	1,900.00	1,900.00	1,876.37	68.27
Financial Administration:				
Salaries and Wages	90,974.27	93,764.51	93,696.24	4,128.50
Other Expenses	15,800.00	15,800.00	11,671.50	325.00
Audit	30,025.00	30,025.00	29,700.00	10.54
Assessment of Taxes:				
Salaries and Wages	17,905.02	18,273.60	18,263.06	1,797.71
Other Expenses	4,900.00	4,900.00	3,102.29	1,069.34
Collection of Taxes:				
Salaries and Wages	62,075.93	62,884.18	61,814.84	419.18
Other Expenses	3,780.00	3,780.00	3,360.82	5,118.41
Legal Services and Costs:				
Salaries and Wages	64,051.96	38,110.80	38,110.80	10.85
Other Expenses	48,000.00	73,941.16	68,822.75	
Municipal Prosecutor:				
Salaries and Wages	22,127.08	22,583.99	22,573.14	
Engineering Services and Costs:				
Other Expenses	12,000.00	12,000.00	12,000.00	
Planning Board:				
Other Expenses	15,101.04	15,101.04	9,636.92	5,464.12
Credit Card Fees:				
Other Expenses	2,500.00	2,500.00	1,261.61	1,238.39
Environmental Commission:				
Salaries and Wages	3,647.04	3,721.74	3,719.98	1.76
Other Expenses	2,185.00	2,185.00	320.00	1,865.00
Shade Tree Commission:				
Other Expenses	48,600.00	48,600.00	48,190.00	410.00
Insurance:				
State Unemployment Compensation	24,000.00	24,000.00	18,460.97	5,539.03
Group Insurance for Employees	999,070.00	999,070.00	997,882.18	1,187.82
Other Insurance Premiums	106,195.00	106,195.00	106,194.52	0.48
Workman's Compensation	162,764.00	162,764.00	153,637.69	9,126.31

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>PUBLIC SAFETY</u>					
Fire:					
Other Expenses:					
Fire Hydrants	\$ 115,000.00	\$ 115,000.00	\$ 111,750.00	\$ 3,250.00	
Miscellaneous	46,300.00	46,300.00	45,551.25	748.75	
Fire Prevention Bureau:					
Salaries and Wages	17,742.94	18,499.19	17,793.82	705.37	
Other Expenses	4,475.00	4,475.00	3,361.94	1,113.06	
Police:					
Salaries and Wages	1,725,000.00	1,707,848.30	1,681,190.50	26,657.80	
Other Expenses	58,536.00	58,536.00	58,534.17	1.83	
School Crossing Guards:					
Salaries and Wages	67,500.00	68,271.79	62,838.25	5,433.54	
Dispatchers:					
Other Expenses	80,000.00	80,000.00	80,000.00		
Traffic Signal Maintenance:					
Other Expenses	5,000.00	5,000.00	3,246.00	1,754.00	
Emergency Management Services:					
Other Expenses	1,670.00	1,670.00	930.92	739.08	
Sanitation:					
Solid Waste Management Act:					
Salaries and Wages	5,862.02	5,862.02	5,979.27	2.75	
Other Expenses	66,830.00	94,580.00	79,119.18	15,460.82	
Road Repair and Maintenance:					
Salaries and Wages	622,570.00	601,910.64	570,988.71	30,921.93	
Other Expenses	94,700.00	94,700.00	78,053.23	16,646.77	
Street Lighting	126,000.00	111,000.00	99,951.15	11,048.85	
<u>HEALTH AND WELFARE</u>					
Board of Health:					
Salaries and Wages	11,411.92	11,628.10	11,620.24	7.86	
Other Expenses	2,205.00	2,205.00	936.97	1,268.03	
Contractual - Town of Westfield	40,045.00	40,045.00	40,045.00		
Animal Control Regulation:					
Other Expenses	11,250.00	11,250.00	9,373.84	1,876.16	
Shared Services:					
Other Expenses	2,200.00	2,200.00	2,200.00		
New Jersey Public Employees Occupational and					
Safety Health Act:					
Other Expenses	1,000.00	1,000.00	360.00	640.00	
Right To Know Act:					
Salaries and Wages	1,000.00	1,000.00		1,000.00	
Other Expenses	1,500.00	1,500.00		1,500.00	
Historic Preservation Commission:					
Other Expenses	1,450.00	1,450.00		1,450.00	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>					
<u>RECREATION AND COMMUNITY SERVICES</u>					
Parks and Playgrounds:					
Salaries and Wages	\$ 20,914.00	\$ 21,129.44	\$ 20,335.98	\$ 793.46	
Other Expenses	14,456.00	14,456.00	14,454.16	1.84	
Celebration of Public Events:					
Other Expenses	8,800.00	8,800.00	8,025.76	774.24	
Senior Citizen:					
Salaries and Wages	5,556.00	5,556.00	5,556.00		
Other Expenses	4,650.00	4,650.00	2,959.25	1,690.75	
Rescue Squad:					
Other Expenses	3,000.00	3,000.00	3,000.00		
<u>MUNICIPAL COURT</u>					
Salaries and Wages	107,000.00	105,680.63	105,680.63		
Other Expenses	9,550.00	9,550.00	5,667.04	3,882.96	
State Uniform Construction Code:					
Construction Official:					
Salaries and Wages	19,218.30	20,541.77	19,593.56	948.21	
Other Expenses	8,430.00	8,430.00	5,611.27	2,818.73	
Sub Code Officials:					
Plumbing Inspector:					
Salaries and Wages	8,695.98	8,876.42	8,869.86	6.56	
Building Inspector:					
Salaries and Wages	69,248.86	70,448.86	70,447.47	1.39	
Electrical Inspector:					
Salaries and Wages	9,271.00	9,410.06	9,410.06		
Zoning Officer:					
Salaries and Wages	17,198.30	17,688.40	17,686.80	1.60	
Other Expenses	870.00	870.00	229.96	640.04	
Fire Sub Code Official:					
Salaries and Wages	5,695.00	5,779.98	5,778.26	1.72	
Utilities-Other	132,000.00	138,000.00	137,978.76	21.24	
Gasoline and Diesel Fuel	62,000.00	62,000.00	59,334.32	2,665.68	
Downtown Revitalization	20,000.00	20,000.00	19,495.00	505.00	
Communications - Community Assessment	10,200.00	10,200.00	8,311.65	1,888.35	
Cable T.V. Community Access:					
Salaries and Wages	8,500.00	8,510.00	8,500.08	9.92	
Other Expenses	1,000.00	1,000.00	1,000.00		
Postage	12,000.00	12,000.00	11,107.59	892.41	
Salary Adjustment	75,000.00	62,336.55	62,336.55		
Severance Pay		55,000.00	55,000.00		
Hurricane Sandy		500,000.00	380,211.51	119,788.49	
New Jersey Transit - Contractual	53,000.00	53,000.00	49,850.80	3,149.20	
	<u>5,740,414.66</u>	<u>6,274,414.66</u>	<u>5,972,039.28</u>	<u>302,375.38</u>	
<u>CONTINGENT</u>	<u>2,000.00</u>	<u>2,000.00</u>		<u>2,000.00</u>	
<u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u>	<u>\$ 5,742,414.66</u>	<u>\$ 6,276,414.66</u>	<u>\$ 5,972,039.28</u>	<u>\$ 304,375.38</u>	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
OPERATIONS WITHIN "CAPS" (CONTINUED)					
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"					
Prior Year Bill-Fit-Rite Uniforms	\$ 1,788.12	\$ 1,788.12	\$ 1,788.12	\$	
Statutory Expenditures					
Contribution to:					
Public Employees Retirement System	186,650.00	186,650.00	186,650.00		
Social Security System	173,000.00	168,000.00	161,144.05	6,855.95	
Defined Contribution Retirement Program	2,250.00	2,250.00	1,763.17	486.83	
Police and Firemen's Retirement System of NJ	410,624.00	410,624.00	410,624.00		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL WITHIN "CAPS"	774,312.12	769,312.12	761,969.34	7,342.78	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	6,516,726.78	7,045,726.78	6,734,008.62	311,718.16	
OPERATIONS EXCLUDED FROM "CAPS"					
Plainfield Area Regional Sewerage Authority	428,173.28	429,173.28	429,172.47	0.81	
Maintenance of Free Public Library (N.J.S.A. 40:54)	379,825.00	379,825.00	379,825.00		
Length of Service Award Program (L.O.S.A.P.)	18,600.00	18,600.00	18,600.00		
Statutory Expenditures:					
Interlocal Agreements:					
Township of Scotch Plains:					
Street Lighting-Other Expenses	2,000.00	2,000.00		2,000.00	
STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES					
Clean Communities Program	10,227.32	10,227.32	10,227.32		
Municipal Alliance on Alcoholism and Drug Abuse	2,123.75	2,123.75	2,123.75		
Body Armor Replacement Fund (40A-4-87 \$1,988.62)	1,919.25	3,907.87	3,907.87		
Click It or Ticket	4,000.00	4,000.00	4,000.00		
Heart Grant Music Series (40A-4-87 \$1,000.00)		1,000.00	1,000.00		
Greening Union County	717.00	717.00	717.00		
Housing Rehabilitation	66,750.00	66,750.00	66,750.00		
Recycling Tonnage Grant (40A: 4-87 \$12,508.62)	15,079.84	27,588.46	27,588.46		
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 929,415.44	\$ 945,912.68	\$ 943,911.87	\$ 2,000.81	\$

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
<u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 100,000.00	\$ 125,000.00	\$ 125,000.00	\$	
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	410,000.00	410,000.00	410,000.00		
Interest on Bonds	194,000.00	194,000.00	193,371.00		629.00
Interest on Notes	184,350.00	184,350.00	184,350.00		
	75,250.00	75,250.00	75,040.95		209.05
<u>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>	<u>863,600.00</u>	<u>863,600.00</u>	<u>862,761.95</u>		<u>838.05</u>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL</u>					
Deferred Charges:					
Emergency Authorizations	49,353.00	49,353.00	49,353.00		
	49,353.00	49,353.00	49,353.00		
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	<u>1,942,368.44</u>	<u>1,963,865.68</u>	<u>1,981,026.82</u>	<u>2,000.81</u>	<u>838.05</u>
<u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>	<u>\$ 8,459,095.22</u>	<u>\$ 9,029,592.46</u>	<u>\$ 8,715,035.44</u>	<u>\$ 313,718.97</u>	<u>\$ 838.05</u>
	424,145.45	424,145.45	424,145.45		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 8,883,240.67</u>	<u>\$ 9,453,737.91</u>	<u>\$ 9,139,180.89</u>	<u>\$ 313,718.97</u>	<u>\$ 838.05</u>
REF.			A-1	A/A-1	
Budget					
Emergency Appropriation 40A-4-43	\$ 8,883,240.67				
Emergency Appropriation 40A-4-55	55,000.00				
Appropriation by 40A-4-57	500,000.00				
	15,497.24				
	\$ 9,453,737.91				
State and Federal Programs					
Reserve for Uncollected Taxes			116,314.40		
Reserve for Snow Removal			424,145.45		
Reserve for Salary Increases			25,000.00		
Accounts Payable			62,336.55		
Deferred Charge: Emergency Appropriation 40A-4-47			474,535.68		
Disbursed			49,353.00		
			8,239,640.32		
			9,391,325.40		
Less: Refunds			252,144.51		
			\$ 9,139,180.89		

The accompanying Notes to the Financial Statements are an integral part of this statement.

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TRUST FUND

"B"

BOROUGH OF FANWOOD

TRUST FUND

BALANCE SHEETS-REGULATORY BASIS

			BALANCE DECEMBER 31, 2012	BALANCE DECEMBER 31, 2011
<u>ASSETS</u>	<u>REF.</u>			
Assessment Trust Fund:				
Assessment Liens	B-4	\$	318.56	\$ 318.56
		\$	318.56	\$ 318.56
Animal Control Trust Fund:				
Cash	B-1	\$	6,332.35	\$ 3,435.27
Due Current Fund	B-5			1.23
		\$	6,332.35	\$ 3,436.50
Other Trust Funds:				
Cash	B-1	\$	627,871.65	\$ 630,089.36
Due County of Union - Community Development Block Grant	B-3		13,161.54	21,377.68
		\$	641,033.19	\$ 651,467.04
		\$	647,684.10	\$ 655,222.10
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>				
Assessment Trust Fund:				
Due Current Fund	B-5	\$	318.56	\$ 318.56
		\$	318.56	\$ 318.56
Animal Control Trust Fund:				
Due Current Fund	B-5	\$	0.67	\$
Reserve for Animal Control Fund Expenditures	B-9		6,331.68	3,436.50
		\$	6,332.35	\$ 3,436.50
Other Trust Funds:				
Due Current Fund	B-5	\$	16,353.36	\$ 3,739.87
Reserve For:				
Unemployment Compensation Insurance	B-7		2,253.71	1,977.58
Community Development Block Grant	B-8		7,072.46	14,434.54
Builders Escrow	B-10		19,320.73	42,661.24
Zoning Escrow Trust	B-11		28,368.50	38,083.85
Redevelopers Escrow	B-12		4,426.60	4,871.01
Recreation Trust	B-13		82,301.71	72,358.93
Law Enforcement Trust	B-14		12,750.53	22,645.31
Developers Housing Escrow	B-15		16,471.14	132,984.73
Library Fund	B-16		60,185.28	94,977.40
In Lieu of Construction	B-17		94,209.98	
Fanny Wood Trust	B-2		20,620.14	16,783.22
Tax Sale Premiums and Redemptions	B-18		116,649.74	66,715.86
Cell Tower Deposits	B-19		7,875.00	7,875.00
Payroll Deductions	B-20		30,658.99	28,315.28
Police Off-Duty Pay	B-21		33,410.49	18,900.88
Rent Deposits	B-22			320.00
Miscellaneous Trust Deposits	B-6		88,104.83	83,822.34
		\$	641,033.19	\$ 651,467.04
		\$	647,684.10	\$ 655,222.10

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND

"C"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>
<u>ASSETS</u>			
Cash	C-2	\$ 1,737,443.65	\$ 1,079,273.29
State Aid Receivable	C-13	329,236.11	349,423.61
Due Scotch Plains-Fanwood Board of Education	C-5	6,000.00	6,000.00
Due Current Fund	C-4		5,757.93
Deferred Charges to Future Taxation:			
Funded	C-6	4,160,000.00	4,570,000.00
Unfunded	C-7	10,674,729.20	6,900,800.20
		<u>\$ 16,907,408.96</u>	<u>\$ 12,911,255.03</u>

LIABILITIES, RESERVES AND FUND BALANCE

General Serial Bonds	C-11	\$ 4,160,000.00	\$ 4,570,000.00
Bond Anticipation Note	C-12	6,156,629.00	4,750,000.00
Emergency Note	C-15		100,000.00
Due Current Fund	C-4	18,935.11	
Improvement Authorizations-Funded	C-9	26,323.90	76,505.16
Improvement Authorizations-Unfunded	C-9	5,426,900.72	2,345,666.58
Contracts Payable	C-10	986,581.07	912,925.39
Capital Improvement Fund	C-8	55,046.80	83,246.80
Reserve to Pay Notes	C-14	237.25	237.25
Fund Balance	C-1	76,755.11	72,673.85
		<u>\$ 16,907,408.96</u>	<u>\$ 12,911,255.03</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

"C-1"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE-REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2011	C	\$	72,673.85
Increased by:			
Premium on Sale of Notes	C-2	\$	25,420.00
Other	C-2		3,500.00
Improvement Authorizations Canceled	C-9		<u>45,161.26</u>
		\$	<u>146,755.11</u>
Decreased by:			
Anticipated as Revenue in 2012 Budget	C-2		<u>70,000.00</u>
Balance, December 31, 2012	C	\$	<u><u>76,755.11</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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GENERAL FIXED ASSETS ACCOUNT GROUP

"F"

BOROUGH OF FANWOOD
GENERAL FIXED ASSET ACCOUNT GROUP
BALANCE SHEETS-REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2012</u>	BALANCE DECEMBER <u>31, 2011</u>
Fixed Assets:		
Buildings	\$ 1,124,600.00	\$ 1,124,600.00
Land	3,614,773.00	3,614,773.00
Machinery and Equipment	<u>4,450,696.32</u>	<u>4,386,650.06</u>
	<u>\$ 9,190,069.32</u>	<u>\$ 9,126,023.06</u>
Reserve:		
Investments in General Fixed Assets	<u>\$ 9,190,069.32</u>	<u>\$ 9,126,023.06</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF FANWOOD

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Fanwood is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Fanwood include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Fanwood, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Fanwood do not include the operations of the regional school district, inasmuch as its activities are administered by a separate board.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Fanwood conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 financial transactions and accounts of the Borough of Fanwood are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account groups:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose for which each reserve was created

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Operating grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires 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)

C. 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 issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under, GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

Interfunds - Interfunds 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.

NOTE 1:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$1,000.00 or more per unit. 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.

Property and equipment acquired by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds.

The General Fixed Assets that have been acquired and that are utilized in the Current and General Capital Funds are instead accounted for in the General Fixed Asset Account Group. No depreciation has been provided on general fixed assets or reported 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.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

D. 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 of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements for the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough of Fanwood had the following cash and cash equivalents at December 31, 2012:

<u>Fund Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Current Fund	\$ 2,100,962.25	\$	\$ 41,334.49	\$ 2,059,627.76
Animal Control Trust Fund	6,303.95	28.40		6,332.35
Trust Other Fund	641,359.73	53.10	2,997.38	638,415.45
General Capital Fund	<u>1,749,962.34</u>	<u>301.70</u>	<u>12,820.39</u>	<u>1,737,443.65</u>
<u>Total December 31, 2012</u>	<u>\$ 4,498,588.27</u>	<u>\$ 383.20</u>	<u>\$ 57,152.26</u>	<u>\$ 4,441,819.21</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2012, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$336,926.69 was covered by Federal Depository Insurance and \$4,161,661.58 was covered under the provisions of NJGUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following types of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough of Fanwood had no investments outstanding as of December 31, 2012.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All 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, shall mature and be paid off within ten years or financed by the issuance of bonds. A summary of bond and note transactions for the year ended December 31, 2012 are detailed on Exhibits "C-11", "C-12" and "C-17".

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT OPERATING DEBT AND TYPE II SCHOOL DEBT)

	<u>YEAR 2012</u>	<u>YEAR 2011</u>	<u>YEAR 2010</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ <u>10,316,629.00</u>	\$ <u>9,420,000.00</u>	\$ <u>10,120,000.00</u>
Net Debt Issued	\$ 10,316,629.00	\$ 9,420,000.00	\$ 10,120,000.00
Less: Cash on Hand to Pay Debt	33,217.80	24,640.80	190,841.26
Less: Reserve to Pay Bonds	<u>237.25</u>	<u>237.25</u>	
	\$ <u>10,283,173.95</u>	\$ <u>9,395,121.95</u>	\$ <u>9,929,158.74</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	\$ 4,551,318.00	\$ 2,075,441.00	\$ 954,026.00
Assessment Trust:			
Bonds and Notes	<u>318.56</u>	<u>318.56</u>	<u>318.56</u>
Total Authorized But Not Issued	\$ <u>4,551,636.56</u>	\$ <u>2,075,759.56</u>	\$ <u>954,344.56</u>
Net Bonds and Notes Issued and and Authorized But Not Issued	\$ <u>14,834,810.51</u>	\$ <u>11,470,881.51</u>	\$ <u>10,883,503.30</u>

NOTE 3: LONG-TERM 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 as amended and indicates a statutory net debt of 1.31%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 2,574,867.89	\$ 2,574,867.89	\$ -0-
General Debt	<u>14,867,947.00</u>	<u>33,455.30</u>	<u>\$14,834,491.70</u>
	<u>\$ 17,442,814.89</u>	<u>\$ 2,608,323.19</u>	<u>\$ 14,834,491.70</u>

NET DEBT \$14,834,491.70 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$1,130,612,252.67 EQUALS 1.31%.

BORROWING POWER UNDER N.J.S.40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2012	\$1,130,612,252.67
3-1/2 of Equalized Valuation Basis	39,571,428.84
Net Debt	<u>14,834,491.70</u>
Remaining Borrowing Power	<u>\$24,736,937.14</u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the Borough for the last three (3) preceding years.

NOTE 3: LONG-TERM DEBT (CONTINUED)

LONG-TERM DEBT - ISSUED

OUTSTANDING
BALANCE
DECEMBER
31, 2012

General Serial Bonds:

\$1,300,000.00 2001 Bonds due in annual remaining installments of \$120,000.00 through September 2013 at an interest rate of 4.250%.

\$ 120,000.00

\$2,690,000.00 2003 Bonds due in annual remaining installments of \$240,000.00 to \$250,000.00 through December 2016 at interest rates between 3.750% and 3.500%.

990,000.00

\$3,200,000.00 2008 Bonds due in annual remaining installments of \$50,000.00 to \$350,000.00 through July 2013 at interest rates between 4.000% and 4.400%.

3,050,000.00

\$4,160,000.00

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2012, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund

\$4,551,318.00

Assessment Trust Fund

\$ 318.56

NOTE 3: LONG-TERM DEBT (CONTINUED)

BOND ANTICIPATION NOTES

	<u>Interest Rate</u>	<u>Issue and Maturity Dates</u>	<u>Amount</u>
General Capital Fund	1.25%	9/26/12 to 9/19/13	\$2,381,629.00
General Capital Fund	1.75%	2/16/12 to 2/15/13	\$2,775,000.00
General Capital Fund	0.85%	4/17/12 to 2/15/13	\$1,000,000.00

SPECIAL EMERGENCY NOTE

Current Fund	1.31%	12/11/12 to 2/125/13	\$ 500,000.00
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The Borough has \$33,455.15 cash on hand and reserves to pay notes.

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2012

<u>CALENDAR YEAR</u>	<u>GENERAL CAPITAL</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2013	\$485,000.00	\$169,600.00	\$654,600.00
2014	475,000.00	151,400.00	626,400.00
2015	475,000.00	133,368.75	608,368.75
2016	475,000.00	115,337.50	590,337.50
2017	300,000.00	97,025.00	397,025.00
2018	300,000.00	84,275.00	384,275.00
2019	300,000.00	71,525.00	371,525.00
2020	300,000.00	58,775.00	358,775.00
2021	350,000.00	46,025.00	396,025.00
2022	350,000.00	30,800.00	380,800.00
2023	350,000.00	15,400.00	365,400.00
	<u>\$4,160,000.00</u>	<u>\$973,531.25</u>	<u>\$5,133,531.25</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund Balance at December 31, 2012, which was appropriated and included as anticipated revenue in its own respective fund for the year ending December 31, 2013, was as follows:

Current Fund	<u>\$215,000.00</u>
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NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the County and the Regional School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, <u>2012</u>	BALANCE DECEMBER 31, <u>2011</u>
Prepaid Taxes	<u>\$89,227.01</u>	<u>\$95,608.56</u>

NOTE 6: PENSION PLANS

Borough employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The plans are: the Public Employees' Retirement System, the Police and Firemen's Retirement System, and the Consolidated Police and Firemen's Pension Fund of New Jersey. The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods.

NOTE 6: PENSION PLANS (CONTINUED)

Certain portions of the costs are contributed by the employees. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$605,333.22 for 2012, \$719,595.00 for 2011 and \$557,115.40 for 2010.

Certain Borough employees are also covered by Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 7: LITIGATION

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 8: SCHOOL TAXES

Regional School Taxes have been raised and liabilities deferred by statute, resulting in the school taxes prepaid set forth in the Current Fund liabilities as follows:

	REGIONAL SCHOOL TAX	
	BALANCE	BALANCE
	DECEMBER	DECEMBER
	<u>31, 2012</u>	<u>31, 2011</u>
Balance of Tax	\$8,583,061.68	\$8,583,063.22
Deferred	<u>8,478,081.41</u>	<u>8,466,322.29</u>
Tax Payable	<u>\$ 104,980.27</u>	<u>\$ 116,740.93</u>

NOTE 9: TERMINATION BENEFITS

Under existing contracts and policies of the Borough, employees, upon attaining retirement, accumulate benefits which may be taken as time off or paid in a lump sum. The accumulated cost of such unpaid termination compensation is not required to be reported in the financial statements as presented. The Borough has estimated its liability to be \$154,421.00. The Borough annually appropriates the amounts that are required to be paid in that year's budget and no liability is accrued at December 31, 2012.

NOTE 10: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2012, the Borough does not believe that any material liabilities will result from such audits. The Borough has been notified that property purchased by the Borough in 2012 may have environmental contamination issues that require clean-up. The costs for clean-up are unknown but may be material to the financial statements. No liability for these costs has been accrued as of December 31, 2012.

NOTE 11: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough participates in a self insurance program through the Garden State Joint Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Borough's contribution to the Fund for claim payments are based on actuarial assumption determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough.

NOTE 11: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. Below is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Borough's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Borough Contributions and Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 24.04	\$ 5,028.52	\$ 4,776.43	\$ 2,253.71
2011	18.23	4,726.79	5,368.60	1,977.58
2010	11.21	4,762.37	2,174.00	2,601.16

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$29,183.45	\$317.75
Assessment Trust Fund		318.56
Animal Control Fund		0.67
Trust Other Fund		16,353.36
General Capital Fund		12,193.11
	<u>\$29,183.45</u>	<u>\$29,183.45</u>

All balances resulted from the time lag between the dates that payments between the funds are made.

NOTE 13: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

All assets of the plan are held by an independent administrator, the Lincoln National Life Insurance Company.

NOTE 14: LENGTH OF SERVICE AWARDS PROGRAM

During 2002, the Borough of Fanwood adopted an ordinance establishing a Length of Service Awards Program for the members of the Fanwood Volunteer Fire Department and the Fanwood Volunteer First Aid Squad pursuant to N.J.S.A. 40A:14-183 et seq.

Under this program, each volunteer that performs the minimum amount of service will have an annual amount of \$600.00 deposited into a tax deferred income account that will earn interest for the volunteer. The cost will be budgeted annually in the budget of the Borough and is anticipated to be \$19,200.00 per year.

NOTE 15: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

Plan Description. The Borough contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 *et seq.* to provide health benefits to State employees, retirees, and their dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

Funding Policy. Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

NOTE 16: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, the following deferred charges are shown:

	BALANCE DECEMBER 31, 2012	2013 BUDGET APPROPRIATION
Current Fund:		
Emergency Appropriations-40A:4-53	\$ 55,000.00	\$ 11,000.00
Emergency Appropriations-40A:4-55	<u>500,000.00</u>	<u>100,000.00</u>
	<u>\$555,000.00</u>	<u>\$111,000.00</u>

NOTE 17: SUBSEQUENT EVENT

On March 19, 2013, the Borough Council adopted resolution 13-03-57 authorizing settlement of litigation entitled New Jersey Department of Environmental Protection v. Occidental Chemical Corporation, *et.al.* in accordance with the terms of a proposed consent judgment. The Borough will be required to pay \$95,000.00, which the Borough believe will be reimbursed by its liability insurance coverage.

BOROUGH OF FANWOOD
SUPPLEMENTARY SCHEDULES - ALL FUNDS
YEAR ENDED DECEMBER 31, 2012

BOROUGH OF FANWOODCURRENT FUNDSCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	
Balance, December 31, 2011	A	\$	1,280,322.66
Increased by Receipts:			
Taxes Receivable	A-9	\$	28,022,588.74
Prepaid Taxes	A-17		89,227.01
Tax Overpayments	A-18		41,464.98
Prior Year Senior Citizens Deduction Disallowed	A-8		1,258.23
Revenue Accounts Receivable	A-12		2,166,778.23
Miscellaneous Revenue Not Anticipated	A-2		231,394.93
Interfunds Receivable	A-23		853,365.13
Appropriations Refunds	A-3		252,144.51
Grants Unappropriated	A-15		1,226.00
Grants Receivable	A-5		159,647.66
State of New Jersey-Senior Citizens and			
Veterans Deductions-Chapter 20, P.L.1971	A-8		73,491.78
Petty Cash	A-7		400.00
Sewer Charges	A-29		31,175.26
Snow Removal	A-20		1,614.68
Emergency Note Payable	A-33		500,000.00
Due to State of New Jersey:			
State Training Fees	A-25		6,372.00
Marriage License Fees	A-16		500.00
			<u>32,432,649.14</u>
		\$	33,712,971.80
Decreased by Disbursements:			
2012 Appropriations	A-3	\$	8,239,640.32
Appropriation Reserves	A-13		234,137.24
County Taxes	A-20		5,240,644.10
Regional School Taxes	A-21		16,956,162.28
Interfunds Payable	A-23		890,672.96
Petty Cash	A-7		400.00
Refund of Parking Meter Revenue	A-2		3,744.00
Accounts Payable	A-24		959.40
Tax Overpayments	A-18		33,636.20
Reserve for Grants Appropriated	A-22		44,635.54
Change Fund	A-6		150.00
Due to State of New Jersey:			
State Training Fees	A-25		7,937.00
Marriage License Fees	A-16		625.00
			<u>31,653,344.04</u>
Balance, December 31, 2012	A	\$	<u>2,059,627.76</u>

"A-6"

BOROUGH OF FANWOOD
CURRENT FUND
SCHEDULE OF CHANGE FUNDS

	<u>REF.</u>	
Balance, December 31, 2011	A	\$ 200.00
Increased by:		
Disbursement	A-4	<u>150.00</u>
Balance, December 31, 2012	A	\$ <u><u>350.00</u></u>

OFFICE

Municipal Court	\$ 100.00
Board of Health	50.00
Collector	<u>200.00</u>
	\$ <u><u>350.00</u></u>

"A-7"

SCHEDULE OF PETTY CASH

<u>OFFICE</u>	<u>RECEIVED FROM TREASURER</u>	<u>RETURNED TO TREASURER</u>
Treasurer	\$ <u><u>400.00</u></u>	\$ <u><u>400.00</u></u>
<u>REF.</u>	A-4	A-4

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY -
SENIOR CITIZENS AND VETERANS DEDUCTIONS

	<u>REF.</u>		
Balance, December 31, 2011 (Due From)	A	\$	4,579.01
Increased by:			
Senior Citizens and Veterans Deductions:			
Per Tax Billings		\$	<u>74,250.00</u>
			78,829.01
Decreased by:			
Senior Citizens and Veterans Deductions:			
Disallowed by Collector:			
Prior Year Taxes	A-4	\$	1,258.23
Received in Cash From State	A-4		<u>73,491.78</u>
			<u>74,750.01</u>
Balance, December 31, 2012 (Due From)	A	\$	<u><u>4,079.00</u></u>

CALCULATION OF "STATE'S SHARE" - SENIOR
CITIZENS DEDUCTIONS ALLOWED (CHAPTER 20, P.L. 1971)

Senior Citizens and Veterans Deductions:			
Per Tax Billings	A-9	\$	<u><u>74,250.00</u></u>

"A-9"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2011	2012 LEVY	COLLECTIONS BY CASH	2012	TRANSFERRED TO TAX TITLE LIENS	CANCELED	BALANCE DECEMBER 31, 2012
2011 and Prior	\$ 329,830.42	\$	\$	328,673.70	\$	1,156.72	\$
2012		28,228,943.65	95,608.56	27,771,724.29	1,332.07	69,055.26	291,223.47
	\$ 329,830.42	28,228,943.65	95,608.56	28,100,397.99	1,332.07	70,211.98	291,223.47

REF.

A

A-2/A-17

A-2

A-10

A

REF.

Collector
Overpayments Applied
State of New Jersey

A-4
A-18
A-8

\$ 28,022,588.74
3,559.25
74,250.00
\$ 28,100,397.99

ANALYSIS OF 2012 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax
Added and Omitted Tax (54.4-63.1 et seq.)

\$ 28,179,577.99
49,365.66
\$ 28,228,943.65

TAX LEVY

Regional District School Tax:
Levy (Abstract)
County Tax (Abstract)
Due County for Added Taxes - (54.4-63.1 et seq.)
Total County Tax
Local Tax for Municipal Purposes (Abstract)
Minimum Library Tax
Add: Additional Taxes Levied

A-21
A-20
A-20
A-2
A-2

\$ 16,956,162.82
5,232,055.35
9,158.19
5,241,213.54
5,610,234.26
379,825.00
41,508.03
6,031,567.29
\$ 28,228,943.65

TOTAL

"A-10"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2011	A	\$ 21,429.28
Increased by:		
Transfers From Taxes Receivable	A-9	<u>1,332.07</u>
Balance, December 31, 2012	A	\$ <u>22,761.35</u>

"A-11"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
AT ASSESSED VALUATION

Balance, December 31, 2012 and December 31, 2011	A	\$ <u>12,279.00</u>
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BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

REF.	BALANCE DECEMBER 31, 2011	ACCRUED IN 2012	COLLECTED	BALANCE DECEMBER 31, 2012
Clerk:				
Licenses:				
Alcoholic Beverage	\$	7,625.00 \$	7,625.00 \$	
Other Licenses		1,000.00	1,000.00	
Fees and Permits		620.00	620.00	
Health Officer:				
License				
Fees and Permits		3,113.00	3,113.00	
Construction Code Official:		10,046.00	10,046.00	
Fees and Permits				
Municipal Court:		152,775.00	152,775.00	
Fines and Costs				
Police Department:	18,559.05	213,360.72	216,727.01	15,192.76
Fees and Permits				
Zoning Fees and Permits		27,114.00	27,114.00	
Fire Inspection Fees		5,964.00	5,964.00	
Interest and Cost on Taxes		11,254.00	11,254.00	
Parking Meters		83,727.39	83,727.39	
Interest on Investments		277,505.83	277,505.83	
Energy Receipts Tax		29,112.91	29,112.91	
Township of Scotch Plains - Interlocal Agreement:		755,288.00	755,288.00	
Street Lighting				
Capital Fund Balance		2,000.00	2,000.00	
Uniform Fire Safety Act		70,000.00	70,000.00	
Metro PCS Rental Fee		4,796.02	4,796.02	
T Mobile Rental Fee		36,000.00	36,000.00	
Bulk Waste Pick Up		32,255.33	32,255.33	
Verizon TV		15,275.00	15,275.00	
Cable T.V.-Gross Revenue Franchise Fee		55,393.44	55,393.44	
Sale of Municipal Assets		38,307.30	38,307.30	
P.I.L.O.T. Elite Phase I		300,000.00	300,000.00	
		30,879.00	30,879.00	
	\$ 18,559.05 \$	2,163,411.94 \$	2,166,778.23 \$	15,192.76
REF.	A		A-4	A

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2011	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES:</u>				
Administrative and Executive	\$ 763.00	\$ 763.00	\$	763.00
Office of the Mayor	297.50	297.50		297.50
Financial Administration	266.73	266.73		266.73
Collection of Taxes	26.05	26.05		26.05
Legal Services and Costs	4.04	4.04		4.04
Municipal Prosecutors	1,565.92	1,565.92		1,565.92
Police	74,535.56	74,535.56	41,134.44	33,401.12
Fire Prevention Bureau	2,203.06	2,203.06		2,203.06
Road Repair and Maintenance	48,496.85	48,496.85	20,000.00	28,496.85
Board of Health	0.08	0.08		0.08
Sanitation:				
Solid Waste Management Act	1,137.98	1,137.98		1,137.98
Right to Know Act	1,000.00	1,000.00		1,000.00
Parks and Playgrounds	1,476.94	1,476.94		1,476.94
Senior Citizen	1,359.90	1,359.90		1,359.90
Construction Official	1,678.70	1,678.70		1,678.70
Plumbing Inspector	0.02	0.02		0.02
Zoning Officer	2,641.70	2,641.70		2,641.70
Fire Sub Code Official	533.02	533.02		533.02
Municipal Court	4,477.56	4,477.56		4,477.56
Building Inspector	0.14	0.14		0.14
Cable TV Community Access	8.63	57.58	48.95	8.63
<u>OTHER EXPENSES:</u>				
Administrative and Executive	3,595.50	5,987.74	4,088.65	1,899.09
Office Of The Mayor	0.48	0.48		0.48
Collection of Taxes	20.82	251.82	231.00	20.82
Financial Administration	4,429.18	4,590.10	135.62	4,454.48
Assessment of Taxes	664.73	664.73	625.48	39.25
Legal Services and Costs	23,938.67	52,119.13	47,339.57	4,779.56
Planning Board	1,056.40	3,806.41	2,750.01	1,056.40
Environmental Commission	1,785.46	1,785.46		1,785.46
Shade Tree Commission	92.50	9,467.90	8,890.40	577.50
Insurance				
Group Insurance	6,143.09	7,272.12	2,188.16	5,083.96
State Unemployment Compensation	9,605.55	9,605.55	2,394.00	7,211.55
Other Insurance Premiums	1,072.72	1,072.72		1,072.72
Workmen's Compensation	2,923.23	2,923.23		2,923.23
Fire:				
Fire Hydrants	562.00	4,000.00	3,438.00	562.00
Miscellaneous	10,586.33	15,702.72	14,213.87	1,488.85
Fire Prevention Bureau	245.12	305.40	60.28	245.12
Police	2,463.41	24,631.97	23,716.26	915.71
Dispatchers		20,000.00	20,000.00	
Traffic Signal Maintenance	7,145.00	7,145.00		7,145.00
Sanitation:				
Solid Waste Management Act	8,298.71	31,167.71	31,167.71	
Emergency Management Services	295.00	295.00	105.72	189.28
Road Repair and Maintenance	9,294.37	17,283.72	16,606.24	677.48
Street Lighting	16,339.50	16,339.50	9,731.11	6,608.39
Board of Health	1,076.69	1,317.22	240.53	1,076.69
Animal Control Regulation	6,254.80	7,590.02	2,670.44	4,919.58
New Jersey Public Employees Occupational and Safety Health Act	1,263.00	1,263.00	105.00	1,158.00
Right to Know Act	1,500.00	1,500.00		1,500.00

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2010	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Historic Preservation Commission	\$ 378.35	\$ 378.35	\$	378.35
Parks and Playgrounds	185.82	1,132.44	946.62	185.82
Celebration of Public Events	400.00	2,805.50	1,293.50	1,512.00
Senior Citizen	1,515.00	2,715.00	1,200.00	1,515.00
Construction Official	2,240.56	2,298.85	31.46	2,267.39
Zoning Officer	1,148.17	1,151.77	3.60	1,148.17
Utilities- Other	23,188.89	24,777.26	13,810.69	11,166.57
Gasoline and Diesel Fuel	1,224.73	10,433.56	9,208.83	1,224.73
Downtown Revitalization	651.25	5,651.25	5,054.00	597.25
Community Assessment	103.25	1,134.37	1,031.12	103.25
Postage	598.36	598.36	6.05	592.31
N.J. Transit Contractual		2,841.00	2,841.00	
Contingent	1,500.00	1,500.00		1,500.00
Contribution to:				
Social Security System	12,617.03	12,617.03		12,617.03
Public Employee Retirement System		12,059.22	8,059.22	4,000.00
Municipal Court	2,357.82	2,539.61	425.80	2,113.81
Maintenance of Free Public Library (N.J.S.A. 40:54)		11,163.24	11,163.24	
Street Lighting - Other Expenses	2,000.00	2,000.00		2,000.00
	<u>\$ 313,234.87</u>	<u>\$ 488,407.79</u>	<u>\$ 306,756.57</u>	<u>\$ 181,651.22</u>
REF.	A			A-1
Appropriation Reserves	A-13	\$ 313,234.87		
Transferred from Accounts Payable	A-24	<u>175,172.92</u>		
		<u>\$ 488,407.79</u>		
Cash Disbursements	A-4		\$ 240,879.24	
Reserve for Salary Increases	A-32		60,000.00	
Transferred to Accounts Payable	A-24		<u>12,619.33</u>	
			<u>\$ 313,498.57</u>	