

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, 2009

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, 2009



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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

We have audited the accompanying financial statements - statutory basis of the various individual funds and the account group of the Borough of Fanwood, County of Union, New Jersey as of and for the years ended December 31, 2009 and 2008, and for the year ended December 31, 2009 as listed as financial statements - statutory basis in the foregoing table of contents. These financial statements - statutory basis are the responsibility of the management of the Borough of Fanwood, County of Union. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial statements contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Borough of Fanwood, County of Union, prepares its financial statements on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

SUPLEE, CLOONEY & COMPANY

In our opinion, because the Borough of Fanwood prepares its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles, the financial position of the various individual funds of the Borough of Fanwood as of December 31, 2009 and 2008 or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2009.

However, in our opinion, the financial statements - statutory basis present fairly, in all material respects, the financial position - statutory basis of the various individual funds and account groups of the Borough of Fanwood, County of Union, as of December 31, 2009 and 2008, and the results of its operations and changes in fund balance - statutory basis for the years then ended and the revenues, expenditures and changes in fund balance - statutory basis for the year ended December 31, 2009, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 12, 2010 on our consideration of the Borough of Fanwood's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements - statutory basis taken as a whole. The information included in the schedules of expenditures of federal awards and state financial assistance and the other supplementary schedules and data listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information of the Borough of Fanwood, County of Union, New Jersey, the Division of Local Government Services and federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 12, 2010

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CURRENT FUND

BOROUGH OF FANWOOD

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2009</u>	<u>BALANCE DECEMBER 31, 2008</u>
Cash	A-4	\$ 1,633,041.96	\$ 1,359,388.94
Cash - Change Funds	A-6	200.00	200.00
Due from State of New Jersey-Senior Citizens Deductions	A-8	3,079.01	6,439.28
State Aid Receivable	A-5	<u>313,883.93</u>	<u>735,573.23</u>
		<u>\$ 1,950,204.90</u>	<u>\$ 2,101,601.45</u>
Receivables With Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 261,222.28	\$ 177,714.20
Tax Title Liens Receivable	A-10	18,800.45	17,555.43
Property Maintenance Lien Receivable	A-19		496.04
Property Acquired for Taxes-Assessed Valuation	A-11	12,279.00	12,279.00
Revenue Accounts Receivable	A-12	11,785.84	12,982.86
Sewer Charges Receivable	A-29	1,356.16	
Interfunds Receivable	A-23	8,741.09	4,345.28
Prepaid Regional School Tax	A-21	<u>87,061.24</u>	<u>87,052.24</u>
	A	<u>\$ 401,246.06</u>	<u>\$ 312,425.05</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-31	\$ 4,002.13	\$
Overexpenditure of Appropriation Reserves	A-31		2,201.79
		<u>4,002.13</u>	<u>2,201.79</u>
		<u>\$ 2,355,453.09</u>	<u>\$ 2,416,228.29</u>

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

BOROUGH OF FANWOOD

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2009</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2008</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 257,033.16 \$	94,103.63
Encumbrances Payable	A-24		179,475.23
Prepaid Taxes	A-17	69,236.26	64,041.55
Tax Overpayments	A-18	9,214.72	22,595.40
Interfunds Payable	A-23	458,791.09	77,028.73
County Taxes Payable	A-20	11,706.28	26,292.36
Reserve for:			
Due State of New Jersey:			
Marriage License Fees	A-16	25.00	150.00
State Training Fees	A-25	710.54	434.54
Burial Permits	A-27	70.00	80.00
Deposits	A-28		5,000.00
Library	A-30	4,905.76	3,655.34
Sale of Municipal Assets	A-14	125.00	125.00
Grants - Appropriated	A-22	219,719.17	577,057.58
Grants - Unappropriated	A-15		2,464.48
Fire Fines and Penalties	A-26	25.00	25.00
		<u>\$ 1,031,561.98</u>	<u>\$ 1,052,528.84</u>
Reserve for Receivables and Other Assets	A	401,246.06	312,425.05
Fund Balance	A-1	<u>922,645.05</u>	<u>1,051,274.40</u>
		<u>\$ 2,355,453.09</u>	<u>\$ 2,416,228.29</u>

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

BOROUGH OF FANWOODCURRENT FUNDSTATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - STATUTORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2009</u>	<u>YEAR ENDED DECEMBER 31, 2008</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 816,505.99	\$ 440,000.00
Miscellaneous Revenue Anticipated	A-2	1,860,975.22	2,440,865.08
Receipts From Delinquent Taxes	A-2	177,753.84	219,208.89
Receipts From Current Taxes	A-2	26,096,597.07	24,466,463.61
Non-Budget Revenue	A-2	33,343.29	68,216.86
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	47,127.31	54,368.56
Accounts Payable Canceled	A-24	5,457.23	1,566.26
Tax Overpayments Canceled	A-18	11,304.74	
Property Maintenance Lien			992.08
Reserve for Prepaid Regional School Taxes			3.23
<u>TOTAL INCOME</u>		<u>\$ 29,049,064.69</u>	<u>\$ 27,691,684.57</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS":			
Operating	A-3	\$ 5,940,789.41	\$ 5,815,582.47
Deferred Charges and Statutory Expenditures	A-3	448,430.38	174,384.96
Operations Excluded From "CAPS":			
Other Operations	A-3	908,484.34	1,334,313.23
Capital Improvement Fund	A-3	150,000.00	50,000.00
Deferred Charges			
Municipal Debt Service	A-3	802,708.63	693,025.74
Regional School Tax	A-21	15,729,534.10	14,906,930.11
County Taxes	A-20	4,366,532.02	4,074,833.22
County Share of Added Taxes	A-20	11,705.91	26,291.99
Interfunds Advanced		4,395.81	3,806.77
Reserve for Prepaid School Taxes		9.00	
Grants Receivable Canceled	A-5	1,592.69	
Refund of Prior Year Revenue	A-4	1,007.89	800.00
<u>TOTAL EXPENDITURES</u>		<u>\$ 28,365,190.18</u>	<u>\$ 27,079,968.49</u>
Excess in Revenue		\$ 683,874.51	\$ 611,716.08
Adjustment to Income Before Fund Balance:			
Expenditures Included above which are by Statute			
Deferred Charges to Budgets of Succeeding Years	A-31	<u>4,002.13</u>	
Statutory Excess to Fund Balance		\$ 687,876.64	\$ 611,716.08
Fund Balance			
Balance, January 1	A	<u>1,051,274.40</u>	<u>879,558.32</u>
		\$ 1,739,151.04	\$ 1,491,274.40
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	<u>816,505.99</u>	<u>440,000.00</u>
Balance, December 31	A	<u>\$ 922,645.05</u>	<u>\$ 1,051,274.40</u>

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

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2009

	<u>REF.</u>	<u>BUDGET</u>	<u>SPECIAL N.J.S. 40A: 4-87</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Appropriated	A-1	\$ 816,505.99		\$ 816,505.99	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-12	\$ 7,600.00		\$ 7,623.00	\$ 23.00
Other	A-2	3,900.00		4,324.00	424.00
Fees and Permits:					
Construction Code Official	A-12	143,400.00		116,091.00	(27,309.00)
Other	A-2	73,568.00		57,086.85	(16,481.15)
Municipal Court Fines	A-12	191,300.00		176,444.69	(14,855.31)
Interest and Costs on Taxes	A-12	53,430.00		47,282.19	(6,147.81)
Parking Meters & Permits	A-2	249,803.00		236,857.36	(12,945.64)
Interest on Investments	A-12	65,595.00		25,522.68	(40,072.32)
Consolidated Municipal Property Tax Relief Aid	A-12	59,948.00		59,948.00	
Energy Receipts Tax	A-12	889,502.00		889,502.00	
Township of Scotch Plains - Interlocal Agreement :					
Street Lighting	A-12	2,000.00		2,000.00	
Tax Collector Services	A-12	25,000.00		25,800.00	800.00
Recycling Tonnage Grant	A-5	2,464.48	14,611.57	17,076.05	
Drunk Driving Enforcement Fund	A-5	4,246.78		4,246.78	
Enforcement Education Grant	A-5	2,000.00		2,000.00	
Union County Kids Recreation	A-5		28,468.00	28,468.00	
Clean Communities Program	A-5	10,493.74		10,493.74	
Over the Limit Under Arrest	A-5		3,275.00	3,275.00	
Municipal Alliance	A-5	2,123.69		2,123.69	
Click It or Ticket	A-5	4,000.00		4,000.00	
Preserve Union County	A-5		50,000.00	50,000.00	
Union County Heart Grant	A-5		1,000.00	1,000.00	
Sewer Fees	A-12	30,200.00		30,255.99	55.99
Uniform Fire Safety Act	A-12	4,560.00		4,774.87	214.87
Verizon TV	A-12	17,983.77		17,983.77	
Bulk Waste Pick Up	A-12	28,615.00		17,550.00	(11,065.00)
Cable T.V. Franchise Fee	A-12	19,245.56		19,245.56	
Parking Meters Additional	A-12	10,997.00			(10,997.00)
	A-1	\$ 1,901,976.02	\$ 97,354.57	\$ 1,860,975.22	\$ (138,355.37)
Receipts From Delinquent Taxes	A-1	\$ 175,000.00		\$ 177,753.84	\$ 2,753.84
Property Tax for Support of Municipal Budget Appropriation:					
Local Tax for Municipal Purposes	A-2:A-9	\$ 5,591,105.18		\$ 5,662,383.29	\$ 71,278.11
Budget Totals		\$ 8,484,587.19	\$ 97,354.57	\$ 8,517,618.34	\$ (64,323.42)
Non-Budget Revenue	A-1 ;A-2			\$ 33,343.29	\$ 33,343.29
		\$ 8,484,587.19	\$ 97,354.57	\$ 8,550,961.63	\$ (30,980.13)
	<u>REF.</u>	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 - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2009

	<u>REF.</u>	
Allocation of Current Tax Collections:		
Collected	A-1:A-9	\$ 26,096,597.07
Allocated to:		
Schools and County Taxes		<u>20,725,286.78</u>
Support of Municipal Budget Appropriations		\$ 5,371,310.29
Add: Appropriation Reserve for Uncollected Taxes	A-3	<u>291,073.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u>5,662,383.29</u>
Other Licenses:		
Health Officer	A-12	\$ 3,449.00
Clerk	A-12	<u>875.00</u>
	A-2	\$ <u>4,324.00</u>
Other Fees and Permits:		
Health Officer	A-12	\$ 13,641.00
Police Department	A-12	27,736.20
Zoning	A-12	4,295.00
Fire Inspection	A-12	11,066.65
Clerk	A-12	20.00
Tax Search Fees	A-12	<u>710.00</u>
		57,468.85
Less: Refunds	A-4	<u>382.00</u>
	A-2	\$ <u>57,086.85</u>
Parking Meters - Additional	A-12	\$ 242,981.36
Less: Refunds	A-4	<u>6,124.00</u>
	A-2	\$ <u>236,857.36</u>
Miscellaneous Revenue Not Anticipated:		
Senior Citizens - Administrative Fee		\$ 1,794.62
Bid Specs		
Reimbursements		4,046.96
Sewer Connections		18,389.30
Motor Vehicle Fine Reimbursements		3,600.00
Tax Collector		527.72
Miscellaneous		<u>4,488.65</u>
	A-4	\$ 32,847.25
Maintenance Lien		<u>496.04</u>
		\$ <u>33,343.29</u>

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

BOROUGH OF FANWOOD
CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2009

	APPROPRIATIONS		EXPENDED		CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Administrative and Executive:						
Salaries and Wages	\$ 192,400.00	\$ 196,093.00	\$ 196,092.42	\$ 0.58	\$	\$
Other Expenses	48,045.00	48,045.00	45,579.13	2,465.87		
Office Of The Mayor:						
Salaries and Wages	500.00	500.00	270.00	230.00		
Other Expenses	1,900.00	1,900.00	1,317.02	582.98		
Financial Administration:						
Salaries and Wages	80,064.00	80,598.13	80,598.13			
Other Expenses	13,600.00	16,060.00	12,508.74	3,551.26		
Audit	25,272.00	24,712.00	24,300.00	412.00		
Assessment of Taxes:						
Salaries and Wages	17,295.00	17,555.12	17,554.12	1.00		
Other Expenses	4,900.00	4,900.00	1,344.64	3,556.36		
Collection of Taxes:						
Salaries and Wages	47,677.00	47,677.00	47,677.00			
Other Expenses	3,780.00	2,280.00	1,566.99	723.02		
Legal Services and Costs:						
Salaries and Wages	61,868.00	62,796.00	62,796.92	0.08		
Other Expenses	44,500.00	44,500.00	30,800.95	13,699.05		
Municipal Prosecutor:						
Salaries and Wages	21,372.00	22,708.00	22,483.01	214.99		
Engineering Services and Costs:						
Other Expenses	18,000.00	18,000.00	18,000.00			
Planning Board:						
Other Expenses	18,950.00	13,950.00	10,124.02	3,825.98		
Environmental Commission:						
Salaries and Wages	3,522.00	3,575.00	3,575.00			
Other Expenses	2,190.00	2,190.00	1,214.85	975.15		
Shade Tree Commission:						
Other Expenses	38,900.00	38,900.00	27,488.67	11,411.33		
State Unemployment Compensation	5,000.00	13,000.00	11,367.96	1,632.04		
Group Insurance for Employees	1,053,206.00	1,038,206.00	1,028,177.42	10,028.58		
Other Insurance Premiums	108,000.00	108,000.00	107,673.38	326.62		
Workmen's Compensation	130,000.00	128,223.60	119,272.00	8,951.60		

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

BOROUGH OF FAIRWOOD
CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2009

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
OPERATIONS WITHIN "CAPS"					
PUBLIC SAFETY					
Fire:					
Other Expenses:					
Fire Hydrants	\$ 110,000.00	\$ 110,000.00	\$ 102,750.00	\$ 7,250.00	
Miscellaneous	42,813.97	42,813.97	27,629.55	15,284.41	
Fire Prevention Bureau:					
Salaries and Wages	18,100.00	18,100.00	16,875.50	1,424.50	
Other Expenses	4,475.00	4,475.00	4,475.00		
Police:					
Salaries and Wages	1,985,153.00	2,041,753.00	2,028,066.36	13,686.64	
Other Expenses	56,310.75	63,810.75	56,975.90	6,834.85	
School Crossing Guards:					
Salaries and Wages	69,732.00	62,177.00	62,178.49	0.51	
Dispatchers:					
Salaries and Wages	114,000.00	124,000.00	123,606.00	394.00	
Other Expenses	720.00	720.00	720.00		
Traffic Signal Maintenance					
Other Expenses	7,500.00	7,500.00	7,500.00		
Emergency Management Services:					
Other Expenses	1,670.00	1,670.00	585.82	1,084.18	
Sanitation:					
Solid Waste Management Act					
Salaries and Wages	7,000.00	7,000.00	6,924.62	75.38	
Other Expenses	64,000.00	49,000.00	32,844.48	16,155.52	
Road Repair and Maintenance:					
Salaries and Wages	596,053.00	608,643.37	596,253.18	12,390.19	
Other Expenses	76,300.00	76,300.00	62,108.75	14,191.25	
Street Lighting	126,000.00	126,000.00	116,536.71	7,464.29	
HEALTH AND WELFARE					
Board of Health:					
Salaries and Wages	12,356.00	12,356.00	10,664.18	1,691.82	
Other Expenses	2,205.00	2,205.00	1,020.72	1,184.28	
Contractual - Town of Westfield	39,901.00	39,901.00	39,901.00		
Animal Control Regulation:					
Other Expenses	12,000.00	7,000.00	4,005.65	2,994.35	
Shared Services:					
Other Expenses	3,630.00	3,630.00	3,630.00		
New Jersey Public Employees Occupational and Safety Health Act:					
Other Expenses	1,000.00	1,000.00	670.00	330.00	
Right To Know Act:					
Salaries and Wages	1,000.00	1,000.00			
Other Expenses	1,500.00	1,500.00			
Historic Preservation Commission:					
Other Expenses	1,425.00	1,425.00	230.00	1,195.00	

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

BOROUGH OF FANWOOD
CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2009

	APPROPRIATIONS		EXPENDED		CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN 'CAPS' (CONTINUED)						
RECREATION AND COMMUNITY SERVICES						
Parks and Playgrounds:						
Salaries and Wages	\$ 19,230.00	\$ 18,238.00	\$ 18,236.50	\$ 1.50		\$
Other Expenses	12,720.00	13,620.00	12,570.41	1,249.59		
Celebration of Public Events:						
Other Expenses	8,450.00	8,450.00	7,070.25	1,379.75		
Senior Citizen						
Salaries and Wages	5,400.00	5,556.00	5,555.00			
Other Expenses	5,165.00	5,165.00	1,200.00	3,965.00		
Social Services Coordinator						
Other Expenses	1,000.00					
MUNICIPAL COURT						
Salaries and Wages	115,643.00	105,373.65	106,373.65			
Other Expenses	7,700.00	7,700.00	5,699.05	2,000.95		
State Uniform Construction Code:						
Construction Official:						
Salaries and Wages	18,704.00	18,704.00	18,704.00			
Other Expenses	8,690.00	5,690.00	4,256.46	1,433.52		
Sub Code Officials:						
Plumbing Inspector:						
Salaries and Wages	8,400.00	8,526.00	8,525.04	0.96		
Building Inspector:						
Salaries and Wages	68,679.00	68,679.00	67,800.20	878.80		
Electrical Inspector:						
Salaries and Wages	8,955.00	9,090.12	9,089.12	1.00		
Zoning Officer:						
Salaries and Wages	19,720.00	19,494.82	19,494.82			
Other Expenses	1,271.00	1,271.00	201.34	1,069.66		
Fire Sub Code Official:						
Salaries and Wages	5,690.88	5,690.88	5,554.00	136.88		
Utilities-Other	150,000.00	150,000.00	128,968.87	21,011.13		
Gasoline and Diesel Fuel	80,000.00	55,000.00	38,556.90	18,443.10		
Downtown Revitalization	5,000.00	5,000.00		5,000.00		
Communications - Community Assessment	12,720.00	12,720.00	9,508.12	3,211.88		
Cable T.V. Community Access	7,672.00	7,672.00	6,463.47	1,168.53		
Postage	12,000.00	12,000.00	11,570.75	429.25		
Salary Adjustment	31,545.00		19,391.00			
New Jersey Transit - Contractual	48,000.00	48,000.00	38,933.62	9,066.38		
	\$ 5,964,240.60	\$ 5,958,180.41	\$ 5,702,132.87	\$ 236,656.54		\$
CONTINGENT						
	\$ 2,000.00	\$ 2,000.00	\$	\$ 2,000.00		\$
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN 'CAPS'	\$ 5,966,240.60	\$ 5,960,180.41	\$ 5,702,132.87	\$ 238,656.54		\$ 19,391.00

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

BOROUGH OF FAIRWOOD
CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2009

	APPROPRIATIONS		EXPENDED		CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAPS" (CONTINUED)						
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS":						
Overexpenditure of Appropriations	\$ 2,201.79	\$ 2,201.79	\$ 2,201.79	\$	\$	\$
Statutory Expenditures						
Contribution To:						
Public Employees Retirement System	64,424.00	64,424.00	64,424.00			
Social Security System	165,000.00	171,060.19	171,060.19			
Consolidated Police and Firemen's Pension Fund	14,165.40	14,165.40	14,165.40			
Police & Firemen's Retirement System of NJ	196,579.00	196,579.00	196,579.00			
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL - WITHIN "CAPS"	442,370.19	448,430.38	448,430.38			
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	6,408,610.79	6,408,610.79	6,150,563.25	238,656.54	19,391.00	
OPERATIONS EXCLUDED FROM "CAPS"						
Plainfield Area Regional Sewerage Authority	344,800.00	344,800.00	327,409.59		17,390.41	
Maintenance of Free Public Library (N.J.S.A. 40:54)	406,058.36	406,058.36	390,481.74	17,576.62		
Length of Service Award Program (L.O.S.A.P.)	18,800.00	18,800.00	18,000.00	800.00		
Statutory Expenditures:						
Intifacial Agreements:						
Township of Scotch Plains:						
Street Lighting-Other Expenses	2,000.00	2,000.00	2,000.00			
Tax Collector-Salaries and Wages	25,000.00	25,000.00	29,002.13			4,002.13
STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES						
Clean Communities Program	10,493.74	10,493.74	10,493.74			
Click It or Ticket	4,000.00	4,000.00	4,000.00			
Enforcement Education Campaign	2,000.00	2,000.00	2,000.00			
Municipal Alliance on Alcoholism and Drug Abuse	2,123.69	2,123.69	2,123.69			
Municipal Alliance on Alcoholism and Drug Abuse - Local Match	531.00	531.00	531.00			
UC Kids Recreation Trust (40A:4-87 \$28,468.00)	28,468.00	28,468.00	28,468.00			
Over the Limit Under Arrest (40A:4-87 \$3,275.00)	3,275.00	3,275.00	3,275.00			
Preserve Union County Grant (40A:4-87 \$50,000.00)	50,000.00	50,000.00	50,000.00			
Heart Grant Music Series (40A:4-87 \$1,000.00)	1,000.00	1,000.00	1,000.00			
Recycling Tonnage Grant (40A: 4-87 \$14,611.57)	2,464.48	17,076.05	17,076.05			
Drunk Driving Enforcement Fund	4,245.78	4,245.78	4,245.78			
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 824,518.05	\$ 921,872.62	\$ 890,107.72	\$ 18,376.62	\$ 17,390.41	\$ 4,002.13

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

BOROUGH OF FANWOOD
CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	RESERVED	CANCELED	OVEREXPENDED
CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS":							
Capital Improvement Fund	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$			
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS":							
Payment of Bond Principal	350,000.00	350,000.00	350,000.00				
Payment of Bond Anticipation and Capital Notes	75,000.00	75,000.00	75,000.00				
Interest on Bonds	225,050.00	225,050.00	216,067.38			6,982.62	
Interest on Notes	41,347.50	41,347.50	40,653.40			694.10	
Union County Improvement Authority:							
Capital Lease Program:							
Principal	110,467.19	110,467.19	110,467.19				
Interest	6,520.66	6,520.66	6,520.66				
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":	810,385.35	810,385.35	802,708.63			7,676.72	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS":	1,784,903.40	1,862,257.87	1,942,816.35		18,376.62	25,067.13	4,002.13
SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES:	8,193,514.19	8,290,868.76	7,993,379.60		257,033.16	44,458.13	4,002.13
	291,073.00	291,073.00	291,073.00				
TOTAL GENERAL APPROPRIATIONS	\$ 8,484,587.19	\$ 8,581,941.76	\$ 8,284,452.60		\$ 257,033.16	\$ 44,458.13	\$ 4,002.13
REF:							
A-2	\$	8,484,587.19					
A-2		97,354.57					
	\$	8,581,941.76					
Budget			A-1		A-A-1		A-A-31
Appropriation by 40A-4-87							
State and Federal Programs				123,214.26			
Reserve for Uncollected Taxes				291,073.00			
Overexpenditure of Appropriations				2,201.79			
Disbursed				8,071,272.32			
Less: Refunds				8,487,761.37			
				203,309.77			
				\$ 8,284,452.60			

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

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TRUST FUND

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BOROUGH OF FANWOOD

TRUST FUND

BALANCE SHEETS-STATUTORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2009</u>	<u>BALANCE DECEMBER 31, 2008</u>
Assessment Trust Fund:			
Assessment Liens	B-4	\$ 318.56	\$ 318.56
		<u>\$ 318.56</u>	<u>\$ 318.56</u>
Animal Control Trust Fund:			
Cash	B-1	\$ 13.78	\$ 5,069.78
Deficit in Reserve for Animal Control Expenditures	B-21	1,156.66	
		<u>\$ 1,170.44</u>	<u>\$ 5,069.78</u>
Other Trust Funds:			
Cash	B-1	\$ 644,419.65	\$ 522,158.91
Due Capital Fund	B-17	15,000.00	15,000.00
Due County of Union - Community Development Block Grant	B-3	12,725.00	13,935.00
		<u>\$ 672,144.65</u>	<u>\$ 551,093.91</u>
		<u>\$ 673,633.65</u>	<u>\$ 556,482.25</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Trust Fund:			
Due Current Fund	B-5	\$ 318.56	\$ 318.56
		<u>\$ 318.56</u>	<u>\$ 318.56</u>
Animal Control Trust Fund:			
Due Current Fund	B-5	\$ 1,170.44	\$ 1,170.44
Reserve for Animal Control Fund Expenditures	B-9		3,899.34
		<u>\$ 1,170.44</u>	<u>\$ 5,069.78</u>
Other Trust Funds:			
Due Current Fund	B-5	\$ 7,252.09	\$ 2,856.28
Reserve For:			
Unemployment Compensation Insurance	B-7	1.58	11.40
Community Development Block Grant	B-8	9,325.54	10,433.84
Builders Escrow	B-10	74,322.68	98,800.46
Zoning Escrow Trust	B-11	38,160.19	23,216.85
Redevelopers Escrow	B-12	4,454.43	6,905.15
Recreation Trust	B-13	30,041.07	24,237.97
Law Enforcement Trust	B-14	26,462.65	25,969.37
Developers Housing Escrow	B-15	140,101.12	138,888.72
Library Fund	B-16	89,283.61	86,254.56
Fanny Wood Trust	B-2	12,116.18	11,393.29
Tax Sale Premiums	B-18	134,500.00	43,100.00
Cell Tower Deposits	B-19	7,875.00	
Payroll Deductions	B-20	29,714.53	
Miscellaneous Trust Deposits	B-6	68,533.98	79,026.02
		<u>\$ 672,144.65</u>	<u>\$ 551,093.91</u>
		<u>\$ 673,633.65</u>	<u>\$ 556,482.25</u>

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

"C"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

BALANCE SHEETS-STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2009</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2008</u>
<u>ASSETS</u>			
Cash	C-2	\$ 1,129,699.76	\$ 1,023,764.86
State Aid Receivable	C-13	302,423.61	677,423.61
Due Scotch Plains-Fanwood Board of Education	C-5	6,000.00	6,000.00
Due Current Fund	C-4	458,791.09	77,028.73
Deferred Charges to Future Taxation:			
Funded	C-6	5,370,000.00	5,720,000.00
Unfunded	C-7	4,659,385.20	4,735,167.00
		<u>\$ 11,926,299.66</u>	<u>\$ 12,239,384.20</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-11	\$ 5,370,000.00	\$ 5,720,000.00
Bond Anticipation Note	C-12	3,475,000.00	2,975,000.00
Emergency Note	C-17	250,000.00	325,000.00
Due Trust Other Fund	C-15	15,000.00	15,000.00
Improvement Authorizations-Funded	C-9	366,580.73	998,155.42
Improvement Authorizations-Unfunded	C-9	1,454,604.47	2,084,841.25
Contracts Payable	C-10	385,339.15	88,030.81
Capital Improvement Fund	C-8	110,663.80	25,663.80
Reserve to Pay Notes	C-16	166,200.46	
Retained Percentage Due Contractor	C-14	7,196.17	7,196.17
Fund Balance	C-1	325,714.88	496.75
		<u>\$ 11,926,299.66</u>	<u>\$ 12,239,384.20</u>

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

GENERAL CAPITAL FUND

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE-STATUTORY BASIS

	<u>REF.</u>		
Balance, December 31, 2008	C	\$	496.75
Increased by:			
Receipts on Fully Funded Ordinances	C-2	\$	171,753.51
Improvement Authorizations Canceled	C-9		<u>453,464.62</u>
			<u>625,218.13</u>
			625,714.88
Decreased by:			
Improvement Authorizations	C-9		<u>300,000.00</u>
Balance, December 31, 2009	C	\$	<u><u>325,714.88</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

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

	BALANCE DECEMBER <u>31, 2009</u>	BALANCE DECEMBER <u>31, 2008</u>
Fixed Assets:		
Buildings	\$ 1,124,600.00	\$ 1,124,600.00
Land	3,603,200.00	3,603,200.00
Machinery and Equipment	<u>4,297,803.13</u>	<u>4,478,787.44</u>
	<u>\$ 9,025,603.13</u>	<u>\$ 9,206,587.44</u>
Reserve:		
Investments in General Fixed Assets	<u>\$ 9,025,603.13</u>	<u>\$ 9,206,587.44</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, 2009 AND 2008

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.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

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 - 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, 2009:

<u>FUND</u>	<u>Cash on Deposit</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>TOTAL</u>
Current Fund	\$ 1,644,395.41	\$	\$ (11,353.45)	\$ 1,633,041.96
Animal Control Trust Fund	13.78			13.78
Trust Other Fund	644,783.70	53.10	(417.15)	644,419.65
General Capital Fund	<u>1,130,428.83</u>		<u>(729.07)</u>	<u>1,129,699.76</u>
<u>Total December 31, 2009</u>	<u>\$ 3,419,621.72</u>	<u>\$ 53.10</u>	<u>\$ (12,499.67)</u>	<u>\$ 3,407,175.15</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, 2009, 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, \$593,061.13 was covered by Federal Depository Insurance and \$2,826,260.59 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, 2009.

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, 2009 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 2009</u>	<u>YEAR 2008</u>	<u>YEAR 2007</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 9,095,000.00	\$ 9,020,000.00	\$ 6,070,000.00
Net Debt Issued	9,095,000.00	9,020,000.00	6,070,000.00
Less: Cash on Hand to Pay Debt	<u>190,841.26</u>	<u>23,859.00</u>	<u>82,877.00</u>
	<u>\$ 8,904,158.74</u>	<u>\$ 8,996,141.00</u>	<u>\$ 5,987,123.00</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	959,026.00	1,459,026.00	4,818,044.00
Assessment Trust:			
Bonds and Notes	<u>318.56</u>	<u>318.56</u>	<u>318.56</u>
Total Authorized But Not Issued	<u>959,344.56</u>	<u>1,459,344.56</u>	<u>4,818,362.56</u>
Net Bonds and Notes Issued and Authorized But Not issued	<u>\$ 9,863,503.30</u>	<u>\$ 10,455,485.56</u>	<u>\$ 10,805,485.56</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 .81%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 4,041,965.00	\$ 4,041,965.00	\$ -0-
General Debt	<u>10,054,344.56</u>	<u>190,841.26</u>	<u>\$9,863,503.30</u>
	<u>\$ 14,096,309.56</u>	<u>\$ 4,232,806.26</u>	<u>\$ 9,863,503.30</u>

NET DEBT \$9,863,503.30 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$1,207,442,648.00 EQUALS .81%.

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

Equalized Valuation Basis* - December 31, 2009	\$ 1,207,442,648.00
3-1/2 of Equalized Valuation Basis	42,260,492.68
Net Debt	<u>9,863,503.30</u>
Remaining Borrowing Power	<u>\$ 32,396,989.38</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

	OUTSTANDING BALANCE DECEMBER <u>31, 2009</u>
General Serial Bonds:	
\$1,300,000.00 2001 Bonds due in annual remaining installments of \$120,000.00 through September October 2013 at interest rates between 4.125% and 4.250%	\$ 480,000.00
\$2,690,000.00 2003 Bonds due in annual remaining installments of \$230,000.00 to \$250,000.00 through December 2016 at interest rates between 3.125% and 3.500%.	1,690,000.00
\$3,200,000.00 2008 Bonds due in annual remaining installments of \$50,000.00 to \$350,000.00 through July 2023 at interest rates between 4.000% and 4.400%.	<u>3,200,000.00</u>
	<u>\$5,370,000.00</u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2009, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$959,026.00</u>
Assessment Trust Fund	<u>\$ 318.56</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

	<u>Interest Rate</u>	<u>Issue and Maturity Dates</u>	<u>Amount</u>
<u>BOND ANTICIPATION NOTE</u>			
General Capital Fund	1.14%	9/22/09 to 9/29/10	\$1,600,000.00
General Capital Fund	2.43%	2/27/09 to 2/25/10	\$1,875,000.00
<u>EMERGENCY NOTE</u>			
General Capital Fund	2.43%	1/23/09 to 1/22/10	\$1,600,000.00

The Borough has \$24,640.00 cash on hand to pay notes for Ordinance 04-09.

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2009

<u>CALENDAR YEAR</u>	<u>GENERAL CAPITAL</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2010	400,000.00	212,912.50	612,912.50
2011	400,000.00	198,775.00	598,775.00
2012	410,000.00	184,350.00	594,350.00
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>\$5,370,000.00</u>	<u>\$1,569,568.75</u>	<u>\$6,939,568.75</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund Balance at December 31, 2009 which was appropriated and included as anticipated revenue in its own respective fund for the year ending December 31, 2010 was as follows:

Current Fund \$758,666.00

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>2009</u>	BALANCE DECEMBER 31, <u>2008</u>
Prepaid Taxes	<u>\$69,236.26</u>	<u>\$64,041.55</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 \$275,168.40 for 2009 and \$480,089.36 for 2008.

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, 2009</u>	<u>31, 2008</u>
Balance of Tax	\$8,086,463.19	\$7,468,957.44
Deferred	<u>8,173,524.43</u>	<u>7,556,009.68</u>
Tax (Prepaid)	<u>(\$87,061.24)</u>	<u>(\$87,052.24)</u>

NOTE 9: TERMINATION BENEFITS

Under existing policies of the Borough, employees, upon attaining retirement accumulate one day's pay for each year of service 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 and has not been determined but is probably immaterial. 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, 2009.

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, 2009, the Borough does not believe that any material liabilities will result from such audits.

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.

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>
2009	\$ 9.52	\$ 5,112.75	\$ 5,132.09	\$ 1.58
2008	51.29	3,992.79	4,584.00	11.40
2007	4,805.00	4,930.68	10,200.91	551.32

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2009:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$8,741.09	\$458,791.09
Assessment Trust Fund		\$318.56
Animal Control Fund		1,170.44
Trust Other Fund	15,000.00	7,252.09
General Capital Fund	<u>458,791.09</u>	<u>15,000.00</u>
	<u>\$482,532.18</u>	<u>\$482,532.18</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 \$18,600.00 per year.

NOTE 15: LEASE

The Borough entered into agreements with the Union County Improvement Authority to lease purchase various capital projects totaling \$861,959.12.

The projects to be funded include the purchase of vehicles and equipment.

In accordance with the lease agreement, the Borough will be obligated to make the following lease payments:

<u>CALENDAR YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	59,025.01	4,279.32	67,583.65
2011	59,025.01	2,213.44	63,451.89
	<u>\$118,050.02</u>	<u>\$6,492.76</u>	<u>\$131,035.54</u>

NOTE 16: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement requires the municipality to disclose in the notes to the financial statements the present value of the estimated future cost of the other post employment benefits (OPEB). OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or required to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their balance sheets.

Plan Description

The Borough of Fanwood provides Post-Retirement Benefits to eligible employees in accordance with terms of their various labor agreements or in accordance with Borough ordinance. Their post-employment benefits include medical health and prescription drug coverage obtained from Horizon Blue Cross Blue Shield of New Jersey. Borough employees are not entitled to postretirement dental benefits with the exception of two contractually eligible employees. For the contractually eligible employees, the Borough provides Dental benefits through a fully-insured plan with Standard Insurance Company. The Borough contributes \$400 per year with the retiree contributing the remainder of the premium in excess of \$400, including any future premium increases. Eligibility requirements are as follows; Police Officers retire after 25 or more years of service in the New Jersey Police & Firemen's Retirement System (NJPFRS); or retire under a disability retirement. Civilian employees retire after 25 or more years of service with the Borough; or retire under a disability retirement. The Borough pays 100% of the medical and prescription drug costs for employees and their dependents who retire under the eligibility rules described above. The coverage is terminated when the employee dies except for the following two situations:

- The Chief of Police's surviving spouse will be covered until age 65(single coverage) if he/she dies before that age is attained, capped at the 2010 health insurance premium.
- The Borough shall provide continuing health and prescription drug benefits to the surviving spouse and eligible dependents of any police officer who is killed in the line of duty. The Borough shall also provide continuing health and prescription drug benefits to the surviving spouse and eligible dependents of any police officer who dies while not in the line of duty for five years.

NOTE 16: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Medicare benefits coordinate with Medicare primary and the Borough plan secondary for retirees eligible for Medicare. Medicare eligible retirees receive no Part B reimbursement from the Borough. Any Medicare Part D subsidy for which the Borough may be eligible is not considered in the valuation.

Actuarial Methods and Assumptions

The actuarial assumptions used to value the postretirement medical liabilities are categorized into three groups:

- Economic Assumptions-the discount rate and health care costs trend rates.
- Benefit assumptions-the initial per capita cost rates for medical and prescription drug coverage.
- Demographic assumptions-including the probabilities of retiring, dying, terminating (without a benefit), becoming disabled, recovery from disability, election (participating rates) and coverage levels

Actuarial assumptions were based on the actual experience of the covered group, to the extent that creditable experience data was available, with an emphasis on expected long-term future trends rather than giving undue weight to recent past experience. The reasonableness of each actuarial assumption was considered independently based on its own merits, its consistency with each other assumption, and the combined impact of all assumptions. In accordance with Local Finance Notice 2007-15 issued by the New Jersey Department of Community Affairs, demographic and health care assumptions were used consistent with the assumptions used by the New Jersey Division of Pensions and Benefits and the State Health Benefits Plan (SHBP) as reported in their July 1, 2008 Actuarial Valuation to value the GASB obligations

The economic assumptions used in the valuation included a discount rate of 4.5% and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5.0% after 11 years. This rate declines over time from 10% in 2009 to 5% in 2019. For 2020 and beyond the rate utilized is 5.0%.

NOTE 16: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The actuarial cost method used to determine the plan's costs is the Per Capita Cost Method. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is allocated to service in the current plan year for each of active participant under the assumed retirement age.

Actuary OPEB Cost

The Present Value of Future Benefits ("PVFB") is \$26,195,000 based upon a discount rate of 4.50% per annum and the plan provisions in effect at January 1, 2009.

The Actuarial Accrued Liability ("AAL") for the fiscal year beginning January 1, 2009 is \$18,294,000 based upon a discount rate of 4.50% per annum and the plan provisions in effect AT January 1, 2009. The Unfunded Actuarial Accrued Liability was \$18,294,000.

NOTE 17: SUBSEQUENT EVENT

The Borough issued a Bond Anticipation Note for \$1,000,000.00 on July 8, 2010 with an interest rate of 1.89% that will mature on February 23, 2011.

NOTE 18: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	BALANCE DECEMBER 31, <u>2009</u>	2010 BUDGET <u>APPROPRIATION</u>	BALANCE TO SUCCEEDING <u>YEARS</u>
Current Fund:			
Overexpenditure of 2009 Appropriations	\$ 4,002.13	\$ -0-	\$ 4,002.13
Animal Control Trust Fund			
Deficit in Animal Control	<u>1,156.66</u>	<u>1,156.66</u>	<u>-0-</u>
	<u>\$ 5,158.79</u>	<u>\$ 1,156.66</u>	<u>\$ 4,002.13</u>

BOROUGH OF FANWOOD
SUPPLEMENTARY SCHEDULES - ALL FUNDS
YEAR ENDED DECEMBER 31, 2009

BOROUGH OF FANWOOD
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance, December 31, 2008	A	\$ 1,359,388.94
Increased by Receipts:		
Taxes Receivable	A-9	\$ 26,121,093.82
Prepaid Taxes	A-17	69,236.26
Tax Overpayments	A-18	32,115.59
Prior Year Senior Citizens Deduction Disallowed	A-8	1,629.45
Revenue Accounts Receivable	A-12	1,744,797.96
Miscellaneous Revenue Not Anticipated	A-2	32,847.25
Interfunds Receivable	A-23	543,900.76
Appropriation Reserve Refunds	A-13	45,576.32
Appropriations Refunds	A-3	203,308.77
Grants Receivable	A-5	539,784.39
State of New Jersey-Senior Citizens and Veterans Deductions-Chapter 20,P.L.1971	A-8	89,730.82
Petty Cash	A-7	400.00
Property Maintenance Lien	A-19	496.04
Due to State of New Jersey:		
State Training Fees	A-25	5,084.00
Burial Permits	A-27	10.00
Marriage License Fees	A-16	700.00
		<u>29,430,711.43</u>
		\$ 30,790,100.37
Decreased by Disbursements:		
2009 Appropriations	A-3	\$ 8,071,272.32
Appropriation Reserves	A-13	232,028.54
County Taxes	A-20	4,392,824.01
Regional School Taxes	A-21	15,729,543.10
Interfunds Payable	A-23	166,534.21
Burial Permits Due State of New Jersey	A-27	20.00
Petty Cash	A-7	400.00
Refund of Deposits	A-28	5,000.00
Refund of Fees and Permits	A-2	382.00
Refund of Parking Meter Revenue	A-2	8,124.00
Tax Overpayments	A-18	32,975.99
Refund of Prior Year Revenue	A-1	1,007.89
Reserve for Grants Appropriated	A-22	513,313.35
Due to State of New Jersey:		
State Training Fees	A-25	4,808.00
Marriage License Fees	A-16	825.00
		<u>29,157,058.41</u>
Balance, December 31, 2009	A	\$ <u>1,633,041.96</u>

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2008</u>	<u>2009 ANTICIPATED REVENUE</u>	<u>RECEIVED</u>	<u>CANCELED</u>	<u>UNAPPROPRIATED RESERVE APPLIED</u>	<u>BALANCE DECEMBER 31, 2009</u>
SHARE Program	\$ 2,371.54	\$	\$	\$	\$	2,371.54
SHARE Program-Library Study	112,126.71		85,444.31			26,682.40
SHARE Program-Storage Facility	26,730.00					26,730.00
Union County Arts Grant	2,150.00					2,150.00
Historic Preservation Grant	50,000.00					50,000.00
FEMA Firefighters Grant	5,667.00					5,667.00
FEMA Firefighters Grant (Vehicle)	13,262.00					13,262.00
Smart Future Planning Grant	50,000.00		24,000.00			26,000.00
Union County-Kids Recreation Grant	4,900.00		4,900.00			
Union County Kids Recreation Grant	33,125.98		6,312.99			26,812.99
Union County Kids Recreation Grant-09		28,468.00	14,611.57		2,464.48	28,468.00
Recycling Tonnage Grant		17,076.05				
Livable Communities-Library Grant						
Municipal Alliance		2,123.69		2,123.69		
R.O.J.D. Grant 06	995.00					995.00
County of Union KIDS Recreation	1,000.00					1,000.00
Smart Growth-TDR Grant	36,000.00		36,000.00			
TDR Grant 06	20,000.00					20,000.00
Clean Communities Grant		10,493.74	10,493.74			
Drunk Driving Enforcement Fund		4,246.78	4,246.78			
Firefighters Grant	11,745.00					11,745.00
Local Domestic Preparedness Equip Grant	21,500.00					21,500.00
Stormwater Infrastructure Grant	344,000.00					
Click It or Ticket		4,000.00	344,000.00			
Over the Limit Under Arrest		4,000.00	4,000.00			
Enforcement Education		3,275.00	3,275.00			
Union County Heart Grant		2,000.00	2,000.00			
Preserve Union County		1,000.00	500.00			500.00
		50,000.00				50,000.00
	\$ 735,573.23	\$ 122,683.26	\$ 539,784.39	\$ 2,123.69	\$ 2,464.48	\$ 313,883.93

REF.

A A-2 A-4 A-15 A

Grants - Appropriated Operations

\$ 531.00
1,592.69
\$ 2,123.69

"A-6"

BOROUGH OF FANWOOD
CURRENT FUND
SCHEDULE OF CHANGE FUNDS

	<u>REF.</u>	
Balance, December 31, 2008 and December 31, 2009	A	\$ <u>200.00</u>
<u>OFFICE</u>		
Municipal Court		\$ 100.00
Board of Health		50.00
Collector		<u>50.00</u>
		\$ <u>200.00</u>

"A-7"

SCHEDULE OF PETTY CASH

<u>OFFICE</u>		<u>RECEIVED FROM TREASURER</u>	<u>RETURNED TO TREASURER</u>
Treasurer		\$ <u>400.00</u>	\$ <u>400.00</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, 2008 (Due From)	A	\$	6,439.28
Increased by:			
Senior Citizens and Veterans Deductions: Per Tax Billings		\$	<u>89,250.00</u>
			<u>89,250.00</u>
		\$	<u>95,689.28</u>
Decreased by:			
Senior Citizens and Veterans Deductions: Disallowed by Collector:			
2009 Taxes		\$	1,250.00
Prior Year Taxes	A-4		1,629.45
Received in Cash From State	A-4		<u>89,730.82</u>
			<u>92,610.27</u>
Balance, December 31, 2009 (Due From)	A	\$	<u><u>3,079.01</u></u>

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

Senior Citizens and Veterans Deductions: Per Tax Billings		\$	89,250.00
Allowed by Collector	A-9		<u>88,000.00</u>
		\$	<u><u>88,000.00</u></u>

BOROUGH OF FANWOOD
CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2008</u>	<u>ADDED</u>	<u>2009 LEVY</u>	<u>COLLECTIONS</u>		<u>OVERPAYMENTS APPLIED</u>	<u>TRANSFERRED TO TAX TITLE LIENS</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2009</u>
				<u>2008</u>	<u>2009</u>				
2008	\$ 177,714.20 \$	207.54 \$		\$	177,753.84 \$	\$	\$	\$	167.90
2009			26,377,287.54	64,041.55	26,031,339.98	1,215.54	1,245.02	18,381.07	261,054.38
	\$ 177,714.20 \$	207.54 \$	26,377,287.54 \$	64,041.55 \$	26,209,093.82 \$	1,215.54 \$	1,245.02 \$	18,391.07 \$	261,222.28
	<u>REF.</u>	A		A-2-A-17	A-2	A-2-A-18	A-10		A
	Collector	<u>REF.</u>							
	State of New Jersey	A-4		\$ 26,121,093.82					
		A-8		86,000.00					
				\$ 26,209,093.82					

ANALYSIS OF 2009 PROPERTY TAX LEVY

<u>TAX YIELD</u>	
General Purpose Tax	\$ 26,306,746.37
Added and Omitted Tax (54:4-63.1 et seq.)	70,541.17
	<u>\$ 26,377,287.54</u>
<u>TAX LEVY</u>	
Regional District School Tax:	
Levy (Abstract)	\$ 16,347,048.85
County Tax (Abstract)	4,366,552.02
Due County for Added Taxes - (54:4-63.1 et seq.)	11,705.91
Total County Tax	4,378,237.93
Local Tax for Municipal Purposes (Abstract)	5,591,105.18
Add: Additional Taxes Levied	60,895.58
	<u>5,652,000.76</u>
<u>TOTAL</u>	<u>\$ 26,377,287.54</u>

"A-10"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2008	A	\$ 17,555.43
Increased by:		
Transfers From Taxes Receivable	A-9	<u>1,245.02</u>
Balance, December 31, 2009	A	\$ <u><u>18,800.45</u></u>

"A-11"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
AT ASSESSED VALUATION

Balance, December 31, 2008 and December 31, 2009	A	\$ <u><u>12,279.00</u></u>
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BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

REF.	BALANCE DECEMBER 31, 2008	ACCRUED IN 2009	COLLECTED	BALANCE DECEMBER 31, 2009
	\$	\$		
Clerk:				
Licenses:				
Alcoholic Beverage		7,623.00	7,623.00	\$
Other Licenses		875.00	875.00	
Fees and Permits		20.00	20.00	
Health Officer:				
License				
Fees and Permits		3,449.00	3,449.00	
Construction Code Official:				
Fees and Permits		13,641.00	13,641.00	
Municipal Court:				
Fees and Permits		116,091.00	116,091.00	
Fines and Costs	12,982.86	175,247.67	176,444.69	11,785.84
Police Department:				
Fees and Permits		27,736.20	27,736.20	
Zoning Fees and Permits		4,295.00	4,295.00	
Fire Inspection Fees		11,066.65	11,066.65	
Tax and Assessment Search Fees		710.00	710.00	
Interest and Cost on Taxes		47,282.19	47,282.19	
Parking Meters		242,981.36	242,981.36	
Interest on Investments		25,522.68	25,522.68	
Consolidated Municipal Property Tax Relief Aid		59,948.00	59,948.00	
Energy Receipts Tax		889,502.00	889,502.00	
Township of Scotch Plains - Interlocal Agreement:				
Street Lighting		2,000.00	2,000.00	
Tax Collector Services		25,800.00	25,800.00	
Uniform Fire Safety Act		4,774.87	4,774.87	
Sewer Fees		30,255.99	30,255.99	
Bulk Waste Pick Up		17,550.00	17,550.00	
Verizon TV		17,983.77	17,983.77	
Cable T.V.-Gross Revenue Franchise Fee		19,245.56	19,245.56	
	\$ 12,982.86	\$ 1,743,600.94	\$ 1,744,797.96	\$ 11,785.84
REF.	A	A	A-4	A

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF 2008 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2008</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>SALARIES AND WAGES:</u>				
Administrative and Executive	\$ 42.50	\$ 42.50		\$ 42.50
Office Of the Mayor	0.11	0.11		0.11
Assessment of Taxes	0.02	0.02		0.02
Legal Services and Costs	10,289.22	10,289.22	7,000.00	3,289.22
Police	838.65	838.65	675.00	163.65
Fire Prevention Bureau	6,632.27			
Road Repair and Maintenance	0.06	0.06		0.06
Board of Health				
Sanitation:				
Solid Waste Management Act	1,501.50	1,501.50		1,501.50
Parks and Playgrounds	6.00	6.00		6.00
Senior Citizen	5,385.20	5,385.20		5,385.20
Electrical Inspector	0.11	0.11		0.11
Zoning Officer	1.00	1.00		1.00
Fire Sub Code Official	0.04	0.04		0.04
Municipal Court	1,842.21	1,842.21		1,842.21
School Crossing Guards	110.87	110.87		110.87
<u>OTHER EXPENSES:</u>				
Administrative and Executive	1,018.52	4,879.18	4,090.78	788.40
Office Of The Mayor	14.81	14.81		14.81
Collection of Taxes	189.53	289.78	100.25	189.53
Financial Administration	24.95	759.25	734.30	24.95
Assessment of Taxes	249.93	983.36	236.85	746.51
Legal Services and Costs	4,829.49	13,049.74	13,048.46	1.28
Engineering Services and Costs		4,000.00	4,000.00	
Planning Board	376.70	376.70	217.25	159.45
Environmental Commission	659.03	659.03		659.03
Shade Tree Commission		2,800.00		2,800.00
Insurance:				
State Unemployment Compensation	990.73	990.73		990.73
Fire:				
Fire Hydrants		8,250.00	8,250.00	
Miscellaneous	16,839.71	19,743.39	18,987.95	755.44
Fire Prevention Bureau	4,298.75	4,298.75		4,298.75
Police	904.40	26,133.91	24,631.57	1,502.34
Traffic Signal Maintenance	3,396.46	4,683.75	1,287.29	3,396.46
Sanitation:				
Solid Waste Management Act	6,926.19	20,065.33	19,674.61	390.72
Emergency Management Services	248.09	248.09		248.09
Road Repair and Maintenance	3,801.25	22,601.97	22,117.49	484.48
Street Lighting	696.02	696.02	696.02	
Board of Health	224.08	257.01	32.93	224.08
Animal Control Regulation	254.80	3,199.69	3,199.69	
New Jersey Public Employees Occupational and Safety Health Act	985.00	1,000.00	15.00	985.00
Historic Preservation Commission	190.00	1,190.00	1,000.00	190.00
Parks and Playgrounds	235.22	2,286.22	2,087.50	198.72
Celebration of Public Events	1,993.59	2,813.00	819.41	1,993.59
Senior Citizen	374.92	2,899.92	2,841.30	58.62
Construction Official	1,787.85	2,928.63	1,365.78	1,562.85
Zoning Officer	89.51	109.49	19.98	89.51

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF 2008 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2008	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED):</u>				
Utilities-Other	\$ 178.10	\$ 9,348.22	\$ 8,732.51	\$ 615.71
Gasoline and Diesel Fuel	774.40	6,414.83	5,640.43	774.40
Downtown Revitalization		2,000.00		2,000.00
Community Assessment	463.52	1,738.52	1,275.00	463.52
Cable T.V. Community Access	39.50	80.67	41.17	39.50
Postage	60.43	560.43	500.00	60.43
N.J. Transit Contractual	1,669.73	1,848.73	179.00	1,669.73
Municipal Alliance	2,100.00	2,100.00		2,100.00
Contingent	1,956.60	1,956.60		1,956.60
Contribution to:				
Social Security System	138.94	138.94		138.94
Municipal Court	720.97	961.13	240.16	720.97
Plainfield Area Regional Sewerage Authority	1,329.08	1,329.08		1,329.08
Maintenance of Free Public Library (N.J.S.A. 40:54)	122.30	20,939.50	20,939.50	
Length of Service Award Program	600.00	600.00	600.00	
Group Insurance	1,385.98	439.68	277.08	162.60
Other Insurance Premiums	4,236.79	12,070.38	12,070.38	
Workman's Compensation	78.00	78.00	78.00	
	<u>\$ 94,103.63</u>	<u>\$ 234,829.95</u>	<u>\$ 187,702.64</u>	<u>\$ 47,127.31</u>
	<u>REF.</u>	A		A-1
Appropriation Reserves	A-13	\$ 94,103.63		
Transferred from Accounts Payable	A-24	<u>140,726.32</u>		
		<u>\$ 234,829.95</u>		
Cash Disbursements	A-4		\$ 232,028.54	
Reserve for Library	A-30		<u>1,250.42</u>	
			233,278.96	
Less: Refunds	A-4		<u>45,576.32</u>	
			<u>\$ 187,702.64</u>	

"A-14"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF
MUNICIPAL ASSETS

REF.

Balance December 31, 2008 and
December 31, 2009

A

\$ 125.00

"A-15"

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

Balance, December 31, 2008

A

\$ 2,464.48

Decreased by:

Anticipated as Miscellaneous Revenue

2009 Budget:

State Aid Receivable

A-5

\$ 2,464.48

"A-18"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2008	A	\$	22,595.40
Increased by:			
Overpayments in 2009	A-4	\$	<u>32,115.59</u>
			54,710.99
Decreased by:			
Applied to Taxes Receivable	A-9	\$	1,215.54
Refunded	A-4		32,975.99
Cancelled	A-1		<u>11,304.74</u>
			<u>45,496.27</u>
Balance, December 31, 2009	A	\$	<u><u>9,214.72</u></u>

"A-19"

SCHEDULE OF PROPERTY MAINTENANCE LIEN RECEIVABLE

Balance, December 31, 2008	A	\$	496.04
Decreased by:			
Cash Receipts	A-4	\$	<u><u>496.04</u></u>

"A-20"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2008	A		\$ 26,292.36
Increased by:			
2009 Levy	A-1:A-9	\$ 4,366,532.02	
Added Taxes - 54:63.1 et.seq.	A-1:A-9	<u>11,705.91</u>	
			\$ 4,378,237.93
			\$ <u>4,404,530.29</u>
Decreased by:			
Payments	A-4		<u>4,392,824.01</u>
Balance, December 31, 2009	A		\$ <u><u>11,706.28</u></u>

"A-21"

SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX

Balance, December 31, 2008			
School Tax Deferred		\$ 7,556,009.68	
School Tax Prepaid	A	<u>(87,052.24)</u>	
			\$ 7,468,957.44
Increased by:			
Levy-School Year-July 1, 2008 to June 30, 2009	A-9		<u>16,347,048.85</u>
			\$ 23,816,006.29
Decreased by:			
Payments in 2009	A-4		<u>15,729,543.10</u>
Balance, December 31, 2009			
School Tax Deferred		\$ 8,173,524.43	
School Tax Prepaid	A	<u>(87,061.24)</u>	
			\$ <u><u>8,086,463.19</u></u>
2009 Liability for Regional School District Tax:			
School Tax Paid 2009			\$ 15,729,543.10
Add: School Tax Prepaid December 31, 2008			<u>87,052.24</u>
			\$ 15,816,595.34
Less: School Tax Prepaid December 31, 2009			<u>87,061.24</u>
	A-1		\$ <u><u>15,729,534.10</u></u>

"A-22"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

PROGRAM	BALANCE DECEMBER 31, 2008	ACCOUNTS PAYABLE TRANSFERRED	2009 APPROPRIATIONS	EXPENDED	CANCELED	BALANCE DECEMBER 31, 2009
Alcohol Education, Rehabilitation Fund	\$ 188.70					188.70
Drunk Driving Enforcement Fund	262.97		4,246.78	1,495.07		3,014.68
SHARE Program-Library Phase I	205.96					205.96
SHARE Program-Library Phase II-Match	1.00					1.00
SHARE Program-Library Study	97,801.83			71,119.43		26,682.40
SHARE Program-Library Study-Match	20.00					20.00
FEMA Firefighters Grant	13,262.00			1,802.57		13,262.00
Improvements to Carriage House	9,190.99					7,388.42
Sharing Available Resources	1,465.04					1,465.04
Sharing Available Resources-Match	269.80					269.80
Union County Arts Grant	2,150.00			3,166.27		2,150.00
Smart Future Planning Grant	4,449.14					1,282.87
County of Union Project Downtown	12,671.16					12,671.16
R.O.I.D. Grant 06	0.49					0.49
R.O.I.D. Grant-06 Match	1,109.00					1,109.00
FEMA Firefighters Grant	4,382.89					4,382.89
FEMA Firefighters Grant-Match	1,297.00					1,297.00
Union County Kids Recreation	25,452.09	403.80		19,374.44		6,481.45
Union County Kids Recreation			28,468.00			28,468.00
Clean Communities Program	6,819.07	1,592.38	10,493.74	18,905.19		5,404.26
Pocket Parks Grant 04	5,404.26					5,404.26
Union County - Senior Initiatives	936.33					936.33
Municipal Alliance - Local Match	6,246.50		2,654.68	2,123.69	531.00	6,246.50
Body Armor Replacement Fund	12,636.36			710.50		11,925.86
Recycling Grant	6,942.98		17,076.05	17,916.15		6,102.88
Comcast Grant	1,449.52					1,449.52
Historic Preservation Grant	16,019.73	30,000.00		28,175.57		17,844.16
Stormwater Infrastructure Grant	6,351.00					6,351.00
Stormwater Infrastructure Grant-08	2,117.00					2,117.00
Local Domestic Preparedness Equip Grant	0.80					0.80
Click It or Ticket						
Education Enforcement			4,000.00	4,000.00		
Over the Limit Under Arrest			2,000.00	2,000.00		
Preserve Union County			3,275.00	3,275.00		
Union County Heart Grant			50,000.00			50,000.00
Tree Grant			1,000.00			1,000.00
Stormwater Infrastructure Grant	337,953.97	1,295.50		337,953.97		
	\$ 577,057.66	\$ 33,291.68	\$ 123,214.26	\$ 513,313.35	\$ 531.00	\$ 219,719.17

REF.

A

A-24

A-3

A-4

A-5

A

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF INTERFUNDS

REF.	TOTAL	ANIMAL CONTROL TRUST FUND			TRUST OTHER FUND		GENERAL CAPITAL FUND	
		ASSESSMENT TRUST FUND	ANIMAL CONTROL TRUST FUND	TRUST OTHER FUND	TRUST OTHER FUND	GENERAL CAPITAL FUND		
Balance, December 31, 2008:								
A	\$ 4,345.28 \$	318.56 \$	1,170.44 \$	2,856.28 \$			77,028.73	
A	77,028.73							
Cash Receipts								
A-4	543,900.76			40,379.60			503,521.16	
A-4	<u>166,534.21</u>			<u>44,775.41</u>			<u>121,758.80</u>	
Cash Disbursements								
A	\$ 8,741.09 \$	318.56 \$	1,170.44 \$	7,252.09 \$				
A	<u>458,791.09</u>						<u>458,791.09</u>	
Balance, December 31, 2009:								
A	\$ 8,741.09 \$	318.56 \$	1,170.44 \$	7,252.09 \$				
A	<u>458,791.09</u>						<u>458,791.09</u>	

"A-24"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2008	A		\$ 179,475.23
Decreased by:			
Transferred to Appropriation Reserves	A-13	\$ 140,726.32	
Transferred to Federal & State Grants Appropriated	A-22	33,291.68	
Canceled	A-1	<u>5,457.23</u>	
			\$ <u>179,475.23</u>

"A-25"

SCHEDULE OF STATE TRAINING FEES -
DUE STATE OF NEW JERSEY

Balance, December 31, 2008	A		\$ 434.54
Increased by:			
Receipts	A-4		<u>5,084.00</u>
			\$ <u>5,518.54</u>
Decreased by:			
Disbursements	A-4		<u>4,808.00</u>
Balance, December 31, 2009	A		\$ <u>710.54</u>

"A-26"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR FIRE FINES AND PENALTIES

	<u>REF.</u>	
Balance, December 31, 2008 and December 31, 2009	A	\$ <u>25.00</u>

"A-27"

SCHEDULE OF BURIAL PERMITS-
DUE STATE OF NEW JERSEY

Balance, December 31, 2008	A	\$ 80.00
Increased by:		
Cash Receipts	A-4	\$ <u>10.00</u> 90.00
Decreased by:		
Cash Disbursements	A-4	<u>20.00</u>
Balance, December 31, 2009	A	\$ <u>70.00</u>

"A-28"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR DEPOSITS

	<u>REF.</u>		
Balance, December 31, 2008	A	\$	5,000.00
Decreased by:			
Cash Disbursements	A-4	\$	<u>5,000.00</u>

"A-29"

SCHEDULE OF SEWER CHARGES RECEIVABLE

Increased by:			
Sewer Charges		\$	1,356.16
Balance, December 31, 2009	A	\$	<u>1,356.16</u>

"A-30"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR LIBRARY

	<u>REF.</u>		
Balance, December 31, 2008	A	\$	3,655.34
Increased by:			
Transferred from Appropriation Reserves	A-13		<u>1,250.42</u>
Balance, December 31, 2009	A	\$	<u><u>4,905.76</u></u>

"A-31"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	<u>REF.</u>		
Balance, December 31, 2008	A	\$	2,201.79
Increased by:			
Overexpenditure of Appropriations	A-3		<u>4,002.13</u>
		\$	<u>6,203.92</u>
Decreased by:			
Raised in Budget	A-3		<u>2,201.79</u>
Balance, December 31, 2009	A	\$	<u><u>4,002.13</u></u>

"B-1"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2008	B	\$ <u>5,069.78</u>	\$ <u>522,158.91</u>
Increased by:			
Animal Control Fees	B-9	\$ 6,410.00	\$
Community Development Block Grant	B-3		12,472.50
Due Current Fund	B-5		5,908.94
Miscellaneous Trust Deposits	B-6		40,014.42
Unemployment Compensation Insurance	B-7		5,122.27
Builders Escrow	B-10		76,061.16
Redevelopment Escrow	B-12		4,890.11
Tax Sale Premiums	B-18		138,000.00
Zoning Escrow	B-11		42,369.02
Recreation Commission	B-13		43,669.68
Law Enforcement Trust Fund	B-14		493.28
Developers Housing Escrow	B-15		1,212.40
Cell Tower Deposits	B-19		7,875.00
Payroll Deductions	B-20		1,675,323.96
Library	B-16		22,114.81
Fanny Wood Trust	B-2		12,623.85
		\$ <u>6,410.00</u>	\$ <u>2,088,151.40</u>
		\$ <u>11,479.78</u>	\$ <u>2,610,310.31</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-9	\$ 10,309.34	\$
Deficit in Animal Control Expenditures	B-21	1,156.66	
Due Current Fund	B-5		1,513.13
Miscellaneous Trust Deposits	B-6		50,506.46
Unemployment Compensation Insurance	B-7		5,132.09
Community Development Block Grant Fund	B-8		12,370.80
Builders Escrow	B-10		100,538.94
Tax Sale Premiums	B-18		46,600.00
Zoning Escrow	B-11		27,425.68
Redevelopment Escrow	B-12		7,340.83
Recreation Commission	B-13		37,866.58
Payroll Deductions	B-20		1,645,609.43
Library Fund	B-16		19,085.76
Fanny Wood Trust	B-2		11,900.96
		\$ <u>11,466.00</u>	\$ <u>1,965,890.66</u>
Balance, December 31, 2009	B	\$ <u>13.78</u>	\$ <u>644,419.65</u>

"B-2"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR FANNYWOOD TRUST

	<u>REF.</u>		
Balance, December 31, 2008	B	\$	11,393.29
Increased by:			
Cash Receipts	B-1	\$	<u>12,623.85</u>
		\$	24,017.14
Decreased by:			
Cash Disbursement	B-1		<u>11,900.96</u>
Balance, December 31, 2009	B	\$	<u><u>12,116.18</u></u>

"B-3"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2008</u>	<u>DUE FROM COUNTY OF UNION COMMUNITY DEVELOPMENT BLOCK GRANTS</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2009</u>
Handyman	\$ 3,000.00	\$	3,000.00	\$
Enhanced Senior Bus Service	5,935.00		5,935.00	5,935.00
Senior Citizen Program	5,000.00		5,000.00	5,935.00
Handyman		2,000.00	210.00	1,790.00
Enhanced Senior Bus Service		5,935.00		5,935.00
Senior Citizen Program		5,000.00		5,000.00
	<u>\$ 13,935.00</u>	<u>\$ 12,935.00</u>	<u>\$ 14,145.00</u>	<u>\$ 12,725.00</u>

REF.

B

B-8

B

Cash Receipts
Canceled

B-1
B-8

\$ 12,472.50
1,672.50

\$ 14,145.00

"B-4"

BOROUGH OF FANWOOD

TRUST FUND

ANALYSIS OF ASSESSMENT CASH

		BALANCE DECEMBER <u>31, 2009</u>
Cash Deficit	\$	(318.56)
Due Current Fund	\$	<u>318.56</u>
	<u>REF.</u>	B

"B-5"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	<u>ASSESSMENT FUND</u>	<u>ANIMAL CONTROL FUND</u>	<u>TRUST OTHER FUNDS</u>
Balance, December 31, 2008 (Due To) (Due To)	B	\$ 318.56 \$	1,170.44 \$	2,856.28
Cash Receipts	B-1			5,908.94
		\$ <u>318.56</u> \$	<u>1,170.44</u> \$	<u>8,765.22</u>
Cash Disbursements	B-1			1,513.13
Balance, December 31, 2009 (Due To)	B	\$ <u>318.56</u> \$	<u>1,170.44</u> \$	<u>7,252.09</u>

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS TRUST DEPOSITS

	<u>REF.</u>		
Balance, December 31, 2008	B	\$	79,026.02
Increased by:			
Cash Receipts	B-1	\$	<u>40,014.42</u>
		\$	119,040.44
Decreased by:			
Cash Disbursements	B-1		<u>50,506.46</u>
Balance, December 31, 2009	B	\$	<u><u>68,533.98</u></u>

Analysis of Miscellaneous Trust Deposits is on file in the Treasurers Office.

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR UNEMPLOYMENT
COMPENSATION INSURANCE

	<u>REF.</u>		
Balance, December 31, 2008	B	\$	11.40
Increased by:			
Receipts	B-1	\$	<u>5,122.27</u>
			5,133.67
Decreased by:			
Disbursements	B-1		<u>5,132.09</u>
Balance, December 31, 2009	B	\$	<u><u>1.58</u></u>

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2008</u>	<u>DUE FROM COUNTY OF UNION- COMMUNITY DEVELOPMENT BLOCK GRANTS</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2009</u>
Enhanced Senior Bus Service	\$ 2,433.84 \$		2,433.84 \$	3,622.64
Senior Citizen Program	5,000.00		1,377.36	
Handyman Program	3,000.00		3,000.00	
Enhanced Senior Bus Service		5,935.00	3,399.46	2,535.54
Senior Citizen Program		5,000.00	3,622.64	1,377.36
Handyman Program		2,000.00	210.00	1,790.00
	\$ <u>10,433.84</u> \$	<u>12,935.00</u> \$	<u>14,043.30</u> \$	<u>9,325.54</u>

REF.

B

B-3

B

Cash Disbursements
Canceled

B-1
B-3

\$

12,370.80
1,672.50

\$

14,043.30

\$

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2008	B	\$	3,899.34
Increased by:			
Dog License Fees		\$	5,020.00
Cat License Fees			<u>1,390.00</u>
	B-1		<u>6,410.00</u>
		\$	<u>10,309.34</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11:			
Cash Disbursements	B-1	\$	<u><u>10,309.34</u></u>

"B-10"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR BUILDERS ESCROW

	<u>REF.</u>		
Balance, December 31, 2008	B	\$	98,800.46
Increased by:			
Cash Receipts	B-1		<u>76,061.16</u>
		\$	174,861.62
Decreased by:			
Cash Disbursements	B-1		<u>100,538.94</u>
Balance, December 31, 2009	B	\$	<u><u>74,322.68</u></u>

"B-11"

SCHEDULE OF RESERVE FOR ZONING ESCROW

Balance, December 31, 2008	B	\$	23,216.85
Increased by:			
Cash Receipts	B-1		<u>42,369.02</u>
		\$	65,585.87
Decreased by:			
Cash Disbursements	B-1		<u>27,425.68</u>
Balance, December 31, 2009	B	\$	<u><u>38,160.19</u></u>

"B-12"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR REDEVELOPMENT ESCROW

	<u>REF.</u>		
Balance, December 31, 2008	B	\$	6,905.15
Increased by:			
Cash Receipts	B-1	\$	<u>4,890.11</u>
			11,795.26
Decreased by:			
Cash Disbursements	B-1		<u>7,340.83</u>
Balance, December 31, 2009	B	\$	<u><u>4,454.43</u></u>

"B-13"

SCHEDULE OF RESERVE FOR RECREATION COMMISSION

Balance, December 31, 2008	B	\$	24,237.97
Increased by:			
Cash Receipts	B-1	\$	<u>43,669.68</u>
			67,907.65
Decreased by:			
Cash Disbursements	B-1		<u>37,866.58</u>
Balance, December 31, 2009	B	\$	<u><u>30,041.07</u></u>

"B-14"

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUNDS

Balance, December 31, 2008	B	\$	25,969.37
Increased by:			
Cash Receipts	B-1		<u>493.28</u>
Balance, December 31, 2009	B	\$	<u><u>26,462.65</u></u>

"B-15"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR DEVELOPERS HOUSING ESCROW

	<u>REF.</u>		
Balance, December 31, 2008	B	\$	138,888.72
Increased by:			
Cash Receipts	B-1		<u>1,212.40</u>
Balance, December 31, 2009	B	\$	<u><u>140,101.12</u></u>

"B-16"

SCHEDULE OF RESERVE FOR LIBRARY

Balance, December 31, 2008	B	\$	86,254.56
Increased by:			
Cash Receipts	B-1	\$	<u>22,114.81</u>
			<u>108,369.37</u>
Decreased by:			
Cash Disbursements	B-1		<u>19,085.76</u>
Balance, December 31, 2009	B	\$	<u><u>89,283.61</u></u>

"B-17"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF DUE GENERAL CAPITAL FUND

REF.

Balance, December 31, 2008 and
December 31, 2009

B

\$ 15,000.00

"B-18"

SCHEDULE OF TAX SALE PREMIUMS

Balance, December 31, 2008

B

\$ 43,100.00

Increased by:

Cash Receipts

B-1

\$ 138,000.00
181,100.00

Decreased by:

Cash Disbursements

B-1

46,600.00

Balance, December 31, 2009

B

\$ 134,500.00

"B-19"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR CELL TOWER DEPOSITS

	<u>REF.</u>		
Increased by:			
Cash Receipts	B-1	\$	7,875.00
Balance, December 31, 2009	B	\$	<u>7,875.00</u>

"B-20"

SCHEDULE OF PAYROLL DEDUCTIONS

Increased by:			
Cash Receipts	B-1	\$	<u>1,675,323.96</u>
		\$	1,675,323.96
Decreased by:			
Cash Disbursements	B-1		<u>1,645,609.43</u>
Balance, December 31, 2009	B	\$	<u>29,714.53</u>

"B-21"

SCHEDULE OF DEFICIT IN ANIMAL CONTROL EXPENDITURES

Increased by:			
Cash Disbursements	B-1	\$	1,156.66
Balance, December 31, 2009	B	\$	<u>1,156.66</u>

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2008	C		\$ 1,023,764.86
Increased by Receipts:			
Capital Improvement Fund	C-8	\$ 150,000.00	
Bond Anticipation Note	C-12	3,475,000.00	
Grants Receivable	C-13	275,000.00	
Receipt on Fully Funded Ordinance	C-1	171,753.51	
Reserve to Pay Notes	C-16	166,200.46	
Due Current Fund	C-4	<u>666,829.62</u>	
			\$ <u>4,904,783.59</u>
			\$ <u>5,928,548.45</u>
Decreased by Disbursements:			
Bond Anticipation Note	C-12	\$ 2,975,000.00	
Contracts Payable	C-9	775,256.71	
Due Current Fund	C-4	<u>1,048,591.98</u>	
			<u>4,798,848.69</u>
Balance, December 31, 2009	C		\$ <u><u>1,129,699.76</u></u>

"C-3"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH

	BALANCE DECEMBER <u>31, 2009</u>
Capital Fund Balance	\$ 325,714.88
Contracts Payable	385,339.15
Capital Improvement Fund	110,663.80
Improvement Authorizations Funded Set Forth on "C-9"	366,580.73
Improvement Authorizations Expended Set Forth on "C-7"	(95,848.63)
Retained Percentage Due Contractor	7,196.17
Unexpended Proceeds of Bond Anticipation Notes	591,427.10
Cash on Hand -Ordinance 00-05/04-05	24,640.80
State Aid Receivable	(302,423.61)
Reserve to Pay Notes	166,200.46
Due from Scotch Plains - Fanwood Board of Education	(6,000.00)
Due Trust Other Fund	15,000.00
Due Current Fund	<u>(458,791.09)</u>
	<u>\$ 1,129,699.76</u>

REF.

C

"C-4"

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2008 (Due From)	C	\$ 77,028.73
Increased by:		
Cash Disbursements	C-2	\$ <u>1,048,591.98</u>
		\$ <u>1,125,620.71</u>
Decreased by:		
Cash Receipts	C-2	<u>666,829.62</u>
Balance, December 31, 2009 (Due From)	C	\$ <u><u>458,791.09</u></u>

"C-5"

SCHEDULE OF DUE FROM SCOTCH PLAINS - FANWOOD BOARD OF EDUCATION

Balance, December 31, 2008 and December 31, 2009	C	\$ <u><u>6,000.00</u></u>
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"C-6"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>REF.</u>	
Balance, December 31, 2008	C	\$ 5,720,000.00
Decreased by:		
2009 Budget Appropriation to Pay Bonds	C-11	<u>350,000.00</u>
Balance, December 31, 2009	C	\$ <u>5,370,000.00</u>

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2008	C	\$ 25,663.80
Increased by:		
2009 Appropriations	C-2	<u>150,000.00</u>
		\$ <u>175,663.80</u>
Decreased by:		
Contracts Payable-Preliminary Costs	C-10	<u>65,000.00</u>
Balance, December 31, 2009	C	\$ <u><u>110,663.80</u></u>

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT		BALANCE DECEMBER 31, 2008		2009 AUTHORIZATIONS	PAID OR CHARGED	IMPROVEMENT AUTHORIZATIONS CANCELED	BALANCE DECEMBER 31, 2009	
			FUNDED	UNFUNDED	FUNDED	UNFUNDED				FUNDED	UNFUNDED
94-06	Various General Improvements	6/8/94	\$	494,500.00	\$	1,837.47	\$	\$	\$	1,837.47	\$
97-01	Various Improvements to Sanitary Sewer System	3/13/97		110,000.00							
97-02	Various General Improvements	3/13/97		406,080.00		6,285.79				6,285.79	
98-06/99-26	Various General Improvements	4/9/98		485,000.00							
99-06	Various General Improvements	4/5/99		533,500.00		27,747.90		5,423.50		22,324.40	
00-05	Various General Improvements	5/11/00		764,340.00		14,900.19		5,340.66		9,559.53	
01-07	Various Capital Improvements	5/10/01		988,748.00		33,367.16					33,367.16
02-09	Various Capital Improvements	5/20/02		1,192,350.00		390,600.10		373.75	366,426.35	24,000.00	
03-08/09-10	Various Capital Improvements	5/19/03		1,339,040.00		319,353.94	200,000.00	19,626.90	296,663.00	243,064.04	
03-11	Acq. & Installation of Emerg. Serv. Tower	6/10/03		100,000.00		494.50				494.50	
04-04	Various General Improvements	5/24/04		88,973.24		11,157.07			11,157.07		
04-09	Various Capital Improvements	7/19/04		767,560.00		119,218.20		272.83	120,000.00		69,176.37
05-12/05-15	Various Capital Improvements	6/14/05		1,575,068.00		145,123.52		774.77			144,348.75
05-15	Acquisition of Equipment & Reconstruction of Russel & Watson Reads	7/12/05		544,000.00		58,015.00				59,015.00	
05-22	Lagrande Park Improvements	10/11/05		147,960.00				49,712.66			249,023.95
06-13/06-10	Various Capital Improvements	5/9/06		1,912,468.00		298,736.61	200,000.00	651,834.39		835,358.67	
07-11/09-08	Various Capital Improvements	7/30/07		1,513,000.00		1,239,848.00	100,000.00	274,205.59			123,329.37
07-21	Acquisition of Property	11/20/07		2,000,000.00		297,534.96					
			\$	986,155.42	\$	2,084,841.25	500,000.00	1,007,565.05	754,246.42	366,690.73	1,454,604.47
			REF.								
	Capital Surplus		C-1								
	Grants Receivable		C-13								
				\$			300,000.00				
							200,000.00				
				\$			500,000.00				
	Capital Surplus		C-1						453,464.62		
	Grants Receivable		C-13						300,000.00		
	Deferred Charges Unfunded								781.80		
									754,246.42		

C-C-3

C-C-7

C-10

C

C

REF.

C-1

C-13

C-1

C-13

"C-10"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance December 31, 2008	C	\$	88,030.81
Increased by:			
Contracts Issued-Improvement Authorizations	C-9	\$	1,007,565.05
Contracts Issued-Preliminary Costs	C-8		<u>65,000.00</u>
			1,072,565.05
		\$	<u>1,160,595.86</u>
Decreased by:			
Cash Disbursements	C-2		<u>775,256.71</u>
December 31, 2009	C	\$	<u><u>385,339.15</u></u>

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2008	INTEREST RATE	BALANCE DECEMBER 31, 2008	DECREASED	BALANCE DECEMBER 31, 2009
General Improvement Bonds	9/15/01	\$ 1,300,000.00	9/15/10-12	4.125%	600,000.00	120,000.00	480,000.00
			9/15/13	4.250%			
General Improvement Bonds	12/1/03	2,680,000.00	12/11/10	3.125%			
			12/11/11	3.250%			
			12/11/12	3.250%			
			12/11/13	3.375%			
General Improvement Bonds	7/15/08	3,200,000.00	12/11/14-16	3.500%	1,920,000.00	230,000.00	1,690,000.00
			7/15/10-12	4.000%			
			7/15/13	4.000%			
			7/15/14-15	4.125%			
			7/15/16	4.250%			
			7/15/17-20	4.250%			
7/15/21	4.350%						
7/15/22-23	4.400%						
					3,200,000.00		3,200,000.00
					<u>5,720,000.00</u>	<u>350,000.00</u>	<u>5,370,000.00</u>

REF.

C

C-6

C

C

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

ORDINANCE	IMPROVEMENT DESCRIPTION	DATE OF ISSUE ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2008	BALANCE DECEMBER 31, 2009		REF.
							INCREASED	DECREASED	
General Improvements:									
01-07/02-10	Various Capital Improvements	10/2/08	10/2/08	10/1/09	2.97%	\$ 132,277.00	\$	132,277.00	
01-07/02-10	Various Capital Improvements	10/2/08	9/22/09	9/29/10	1.14%		132,277.00		
04-09	Various Capital Improvements	10/2/08	10/2/08	10/1/09	2.97%	94,090.00		94,090.00	
04-09	Various Capital Improvements	10/2/08	9/22/09	9/29/10	1.14%		94,090.00		
05-12/05-16	Various Capital Improvements	10/2/08	10/2/08	10/1/09	2.97%	282,314.00		282,314.00	
05-12/05-16	Various Capital Improvements	10/2/08	9/22/09	9/29/10	1.14%		282,314.00		
05-15	Acq. of Equipment & Reconstruction of Roads	10/2/08	10/2/08	10/1/09	2.97%	16,800.00		16,800.00	
05-15	Acq. of Equipment & Reconstruction of Roads	8/8/07	9/22/09	9/29/10	1.14%		16,800.00		
06-13/06-10	Various Capital Improvements	10/2/08	10/2/08	10/1/09	2.97%	574,519.00		574,519.00	
06-13/06-10	Various Capital Improvements	10/2/08	9/22/09	9/29/10	1.14%		574,519.00		
07-11/09-09	Various Capital Improvements	9/22/09	9/22/09	9/29/10	1.14%	500,000.00		500,000.00	
07-21	Acquisition of Property	5/22/08	5/22/08	2/27/09	2.27%	1,875,000.00		1,875,000.00	
07-21	Acquisition of Property	5/22/08	2/27/09	2/25/10	2.43%		1,875,000.00		
						<u>\$ 2,975,000.00</u>	<u>\$ 3,475,000.00</u>	<u>\$ 2,975,000.00</u>	<u>\$ 3,475,000.00</u>
						C	C-2	C-2	C-C-7

"C-13"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2008	C	\$	677,423.61
Increased by:			
Grants Authorized	C-9		<u>200,000.00</u>
			877,423.61
Decreased by:			
Cash Receipts	C-2	\$	275,000.00
Canceled	C-9		<u>300,000.00</u>
			<u>575,000.00</u>
Balance, December 31, 2009	C	\$	<u><u>302,423.61</u></u>

"C-14"

SCHEDULE OF RETAINED PERCENTAGE DUE CONTRACTOR

Balance, December 31, 2008 and December 31, 2009	C	\$	<u><u>7,196.17</u></u>
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"C-15"

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DUE TRUST OTHER FUND

	<u>REF.</u>	
Balance, December 31, 2008 and December 31, 2009	C	\$ <u>15,000.00</u>

"C-16"

SCHEDULE OF RESERVE TO PAY NOTES

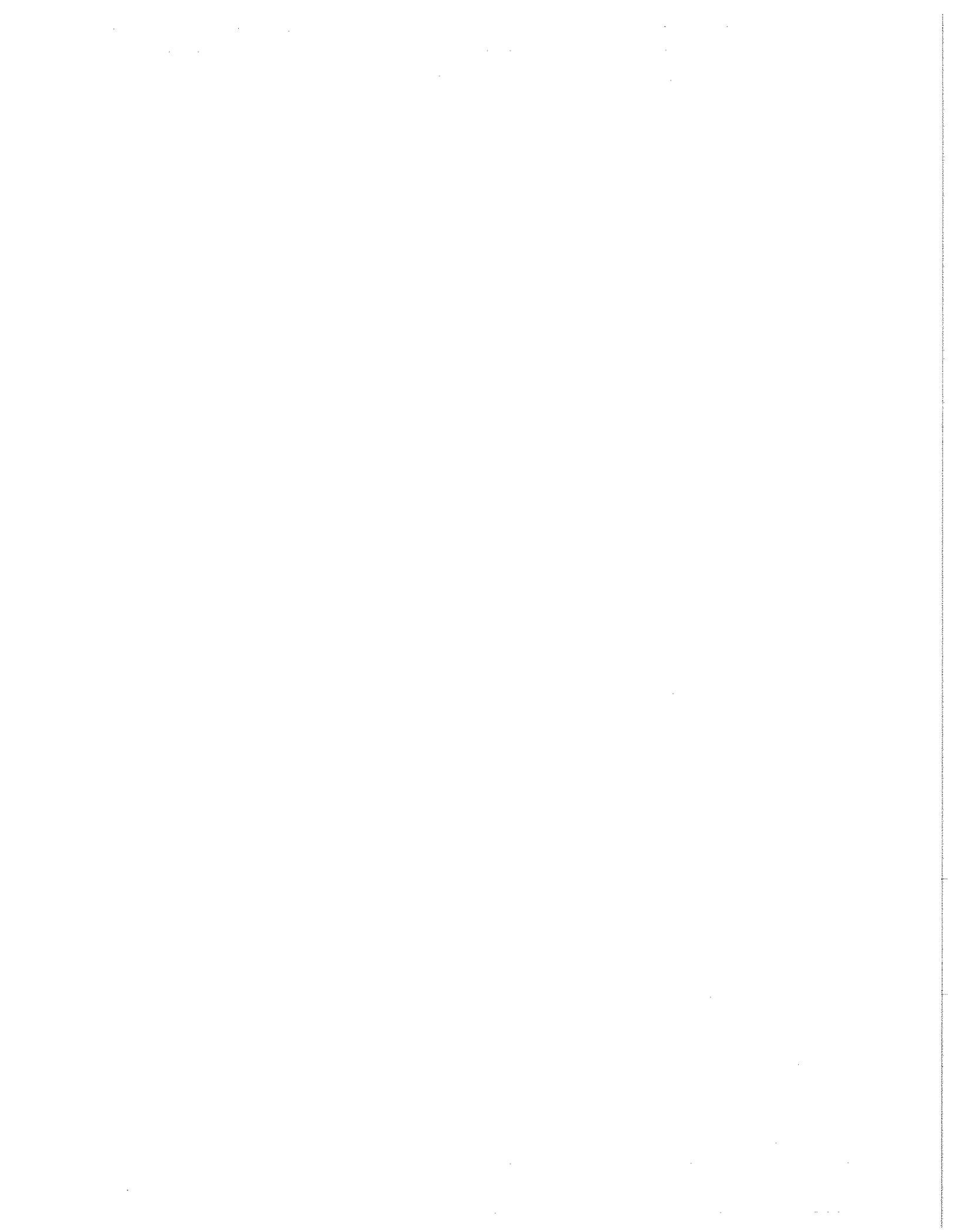
Increased by:		
Cash Receipts	C-2	\$ 166,200.46
Balance, December 31, 2009	C	\$ <u>166,200.46</u>

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND

SCHEDULE OF EMERGENCY NOTE

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2008</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2009</u>
07-22	Refunding Bond Ordinance	1/24/08	1/22/10	2.60%	\$ 325,000.00	75,000.00	\$ 250,000.00
					\$ 325,000.00	75,000.00	\$ 250,000.00
				<u>REF.</u>	<u>C</u>		<u>C:C-7</u>

General Improvements:



BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2009	
		<u>CAPITAL FUND</u>	<u>TRUST FUND</u>
General Improvements:			
01-07;02-10	Various General Improvements	\$ 36,872.00	\$
06-13/06-10	Various General Improvements	57,306.00	
07-11/09-09	Various Capital Improvements	739,848.00	
07-21	Acquisition of Property	125,000.00	
Local Improvements:			
87-06	Install Curbing on Cray Terrace		<u>318.56</u>
		\$ <u>959,026.00</u>	\$ <u>318.56</u>
	Assessment Lien		\$ <u>318.56</u>
			\$ <u>318.56</u>

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BOROUGH OF FANWOOD

PART II

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

SCHEDULES OF EXPENDITURES FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Westfield 908-789-9300

Somerville 908-725-6688

Fax 908-789-8535

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

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

We have audited the accompanying financial statements - statutory basis of the Borough of Fanwood, County of Union, New Jersey as of and for the year ended December 31, 2009, and have issued our report thereon dated July 12, 2010. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Fanwood 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 and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, 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 Fanwood's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Fanwood's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Fanwood's internal control over financial reporting.

SUPLEE, CLOONEY & COMPANY

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 Borough of Fanwood's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 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 Fanwood's financial statements - statutory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

This report is intended solely for the information of the Borough of Fanwood, County of Union, New Jersey, the Division of Local Government Services and federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 12, 2010

BOROUGH OF FANWOOD

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2009

PASS THROUGH GRANTOR/ FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANTORS NUMBER	GRANT PERIOD FROM TO	GRANT AWARD AMOUNT	2009 FUNDS RECEIVED	2009 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2009
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>							
Special Project-Fanwood Downtown Improvement		B-02-SP-NJ-0416	9/1/05 8/31/06	\$ 90,000.00	\$ 90,000.00	\$ 90,000.00	\$ 90,000.00
<u>PASS THROUGH FROM COUNTY OF UNION</u>							
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>							
Community Development Block Grant	14.218	008-428	9/1/08 8/31/09	3,000.00	3,000.00	3,000.00	3,000.00
Community Development Block Grant	14.218	008-220	9/1/08 8/31/09	5,000.00	5,000.00	5,000.00	5,000.00
Community Development Block Grant	14.218	008-221	9/1/08 8/31/09	5,935.00	5,935.00	2,433.84	5,935.00
Community Development Block Grant	14.218	008-428	9/1/09 8/31/10	2,000.00	210.00	210.00	210.00
Community Development Block Grant	14.218	008-220	9/1/09 8/31/10	5,000.00	3,622.64	3,622.64	3,622.64
Community Development Block Grant	14.218	008-221	9/1/09 8/31/10	5,935.00	3,399.46	3,399.46	3,399.46
				\$ 14,145.00	\$ 17,665.94	\$ 21,167.10	
<u>PASS THROUGH FROM STATE OF NEW JERSEY</u>							
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>							
Fire Operations and Firefighter Safety Grant	83-554	EMW-2003-FG-07801	11/15/03 11/14/04	23,800.00	\$	\$	23,800.00
Fire Fighter Grant		EMW-2005-FG-07257		24,653.00			20,270.11
Fire Fighter Equipment Grant				13,262.00			
				\$	0.00	0.00	44,070.11
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>							
Appropriations Act Grant - Stormwater Infrastructure	66-606	XP-98264801	11/1/02 11/1/05	388,000.00	388,000.00	381,953.97	388,000.00
				\$	492,145.00	489,619.91	543,237.21

BOROUGH OF FANWOOD

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2009

STATE GRANT/PROGRAM TITLE	STATE ACCOUNT NUMBERS	GRANT PERIOD FROM	TO	GRANT AWARD AMOUNT	2009 FUNDS RECEIVED	2009 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2009
DEPARTMENT OF COMMUNITY AFFAIRS							
Alcohol Education and Rehabilitation Fund	9735-760-088-6020	1/1/06	Continuous	767.07	\$	\$	578.37
Handicapped Persons Recreation Opportunity Grant (ROID)	8050-100-022-8050-035-F157-6120	12/31/06		5,545.00			5,544.51
Smart Growth Grant	8049-100-022-8049-006-FSMR-6120	12/31/03	6/30/06	50,000.00			50,000.00
Smart Growth Grant-TDR	8049-100-022-8048-006-FSMR-6120	2/14/05	12/14/05	120,000.00	36,000.00		120,000.00
Smart Growth Grant-TDR	8049-100-022-8049-006-FSMR-6120	2/14/05	12/14/05	40,000.00			40,000.00
S.H.A.R.E. GRANT-Library Phase I	05-100-022-8030-654-FFFF-6120	5/1/05	4/30/07	46,350.00			46,343.89
S.H.A.R.E. GRANT-Library Phase II	05-100-022-8030-658-FFFF-6120	7/1/05	7/1/07	38,288.00			38,288.00
S.H.A.R.E. GRANT-Storage Faculty	05-100-022-8030-658-FFFF-6120	7/1/05	7/1/07	40,000.00			40,000.00
S.H.A.R.E. GRANT-Library Study	05-100-022-8030-658-FFFF-6120	7/1/05	7/1/07	149,750.00	85,444.31	71,119.43	123,067.60
Smart Future Planning Grant				50,000.00	24,000.00	3,166.27	48,717.13
Sharing Available Resources				12,727.00			11,261.96
Livable Communities Grant-Local Library Aid	05-100-022-8030-654-FFFF-6120	5/1/05	4/30/07	40,000.00			40,000.00
State of New Jersey Special Legislative Grant	8050-100-022-8050-604-FFFF-6120	1/1/01	12/31/01	100,000.00			100,000.00
					145,444.31	74,285.70	663,801.46
DEPARTMENT OF TREASURY							
State Contingency Fund Special Purpose-LaGrande Park Improvements to Carriage House	9420-100-094-9420-047-u999-6130 CDG 07-029	1/1/05 7/1/06	12/31/05 6/30/07	130,000.00 50,000.00		1,802.57 1,802.57	42,611.58 42,611.58
DEPARTMENT OF ENVIRONMENTAL PROTECTION							
Clean Communities Program-Prior	4900-765-042-4900		Continuous	8,834.75		6,819.07	2,015.68
Clean Communities Program	4900-765-042-4900		Continuous	10,493.74	10,493.74	10,493.74	10,493.74
Municipal Stormwater Regulation Program	05-100-042-5850-118	3/1/04	2/28/07	8,468.00			8,468.00
Municipal Stormwater Regulation Program	06-100-042-5850-118			6,351.00			
Recycling Tonnage Grant - Prior	4900-752-042-4900		Various	11,600.86	9,407.36	9,407.36	11,600.86
Recycling Tonnage Grant	4900-752-042-4900		Various	14,611.57	14,611.57	8,508.79	8,508.79
					25,105.31	35,228.96	41,087.07
DEPARTMENT OF LAW AND PUBLIC SAFETY							
Drunk Driving Enforcement Fund-Prior	1110-100-066-1110		Various	2,989.07		262.97	2,989.07
Drunk Driving Enforcement Fund	1110-100-066-1110		Various	4,246.78	4,246.78	1,232.10	1,232.10
Domestic Preparedness Equipment Grant	1020-100-066-1020	1/1/04	12/31/04	21,500.00			21,499.20
Emergency Management	1200-100-066-1200-726-YEMR-6120	1/1/04	12/31/04	4,000.00			4,000.00
State/Local All Hazards Emergency Operation Planning Prog.	1200-100-066-1200-845-YEMR-6120	1/1/04	12/31/04	2,405.72			2,405.72
Body Armor Replacement Fund-Prior	1020-718-066-1020		Continuous	13,950.93		710.50	6,311.27
Body Armor Replacement Fund	1020-718-066-1020		Continuous	4,286.25	2,045.29	2,205.57	38,437.36

BOROUGH OF FANWOOD

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2009

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD FROM TO	GRANT AWARD AMOUNT	2009 FUNDS RECEIVED	2009 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2009
DEPARTMENT OF TRANSPORTATION						
Sheelan's Crossing Bridge Deck & Ramps	02-480-078-6320-AFG-6010	Continuous	\$ 200,000.00	\$	\$	93,655.42
Westfield Road	03-480-078-6320-AGS-6010	Continuous	250,000.00			250,000.00
Pleasant Avenue	05-480-078-6320-AJG-6010	Continuous	180,000.00			100,000.00
Safe Streets to Schools	06-480-078-6300-DDO-7310	Continuous	100,000.00			25,000.00
Helen Street, Pleasant Ave, Tower/Midway (Sec. 2)	05-480-078-6320-AJG-6010	Continuous	188,000.00	141,000.00	141,000.00	141,000.00
Belvidere Ave	9-480-078-6320-AKE-6010	Continuous	200,000.00	141,000.00	141,000.00	516,000.00
			\$ 317,841.69	\$ 254,522.80	\$ 1,301,937.47	

BOROUGH OF FANWOOD

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2009 AND 2008

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state financial awards of the Borough of Fanwood, County of Union, New Jersey. All federal and state financial awards received directly from federal or state agencies, as well as federal financial awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Borough's financial statements - statutory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - STATUTORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's statutory basis financial statements. These amounts are reported in the Current Fund, Grant Fund, General Capital Fund, or Trust Other Fund. Reconciliations of revenues and expenses are presented on the following page.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS-STATUTORY BASIS (CONTINUED)

Revenues

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 344,000.00	\$ 174,796.40	\$ 20,987.99	\$ 539,784.39
Trust Other Fund	14,145.00			14,145.00
General Capital Fund	<u>134,000.00</u>	<u>141,000.00</u>	<u> </u>	<u>275,000.00</u>
	<u>\$ 492,145.00</u>	<u>\$ 315,796.40</u>	<u>\$ 20,987.99</u>	<u>\$ 828,929.39</u>

Expenditures

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 337,953.97	\$ 113,522.80	\$ 30,369.33	\$ 481,846.10
Trust Other Fund	17,665.94			17,665.94
General Capital Fund	<u>134,000.00</u>	<u>141,000.00</u>	<u> </u>	<u>275,000.00</u>
	<u>\$ 489,619.91</u>	<u>\$ 254,522.80</u>	<u>\$ 30,369.33</u>	<u>\$ 774,512.04</u>

NOTE 5. OTHER

Matching contributions expended by the Borough in accordance with terms of the various grants are not reported in the accompanying schedule.

PART III

BOROUGH OF FANWOOD

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2009

COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

	<u>YEAR 2009</u>		<u>YEAR 2008</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 816,505.99	2.81%	\$ 440,000.00	1.59%
Miscellaneous From Other Than Local Property				
Tax Levies	1,958,207.79	6.74%	2,566,012.07	9.27%
Collection of Delinquent Taxes and Tax Title Liens	177,753.84	0.61%	219,208.89	0.79%
Collection of Current Tax Levy	<u>26,096,597.07</u>	<u>89.84%</u>	<u>24,466,463.61</u>	<u>84.83%</u>
<u>Total Income</u>	<u>\$ 29,049,064.69</u>	<u>100.00%</u>	<u>\$ 27,691,684.57</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures	\$ 8,250,412.76	29.09%	\$ 8,067,306.40	29.79%
County Taxes	4,378,237.93	15.44%	4,101,125.21	15.14%
Regional High School Taxes	15,729,534.10	55.45%	14,906,930.11	55.05%
Miscellaneous	<u>7,005.39</u>	<u>0.02%</u>	<u>4,606.77</u>	<u>0.39%</u>
<u>Total Expenditures</u>	<u>\$ 28,365,190.18</u>	<u>100.00%</u>	<u>\$ 27,079,968.49</u>	<u>100.00%</u>
Excess in Revenue	\$ 683,874.51		\$ 611,716.08	
Adjustment to Income Before Fund Balance: Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years	<u>4,002.13</u>			
Statutory Excess to Fund Balance	\$ 687,876.64		\$ 611,716.08	
Fund Balance, January 1	<u>1,051,274.40</u>		<u>879,558.32</u>	
	\$ 1,739,151.04		\$ 1,491,274.40	
Less: Utilization as Anticipated Revenue	<u>816,505.99</u>		<u>440,000.00</u>	
Fund Balance, December 31	<u>\$ 922,645.05</u>		<u>\$ 1,051,274.40</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Rate	<u>11.528</u>	<u>10.832</u>	<u>10.299</u>
Apportionment of Tax Rate:			
Municipal	2.451	2.349	2.028
County	1.913	1.801	1.752
Local School	7.164	6.682	6.519

ASSESSED VALUATIONS:

2009	<u>\$228,198,702.00</u>		
2008		<u>\$226,179,795.00</u>	
2007			<u>\$225,534,430.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CASH COLLECTION</u>	<u>CURRENTLY PERCENTAGE OF COLLECTIONS</u>
2009	\$26,377,287.54	\$26,096,597.07	98.94%
2008	\$24,657,919.18	\$24,466,463.61	99.22%
2007	\$23,287,539.58	\$23,062,201.53	99.03%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2009	\$18,800.45	\$281,222.28	\$300,022.73	1.14%
2008	\$17,555.43	\$177,714.20	\$195,269.63	0.79%
2007	\$18,560.90	\$217,865.19	\$236,426.09	1.02%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2009	\$12,279.00
2008	\$12,279.00
2007	\$12,279.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2009	\$922,645.05	\$758,666.00
2008	1,051,274.40	816,505.99
2007	879,558.32	420,000.00
2006	1,235,246.78	900,000.00
2005	1,116,999.11	840,000.00

Current Fund

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT</u>	<u>SURETY</u>
Colleen Mahr	Mayor	*	
Russell Huegel	Councilman	*	
Donna Dolce	Council President	*	
David Valian	Councilman	*	
Katherine Mitchell	Councilwoman	*	
Joan Wheeler	Councilwoman	*	
Anthony Parenti	Councilman	*	
Eleanor McGovern	Borough Clerk/Administrator	*	
Frederick J. Tomkins	Chief Financial Officer	\$100,000.00	Travelers Casualty and Surety Company
Patricia Celardo	Bookkeeper	*	
Colleen Huehn	Tax Collector	\$140,525.00	Travelers Casualty and Surety Company
Michael Ross	Tax Assessor	*	
Joseph Pryor	Borough Engineer	*	
Dennis Estis	Borough Attorney	*	
Daniel Antonelli	Prosecutor	*	
Susan Macmullan	Magistrate	\$20,000.00	Travelers Casualty and Surety Company
Joy Veeck	Court Administrator	\$50,000.00	Travelers Casualty and Surety Company
Donna Zucker	Deputy Court Administrator	*	
Donald Domanoski	Chief Of Police	*	
Bruce Helmstetter	Construction Code Official	*	

* - \$1,000,000.00 Crime Coverage Bond-Garden State Municipal Joint Insurance Fund

All Bonds were examined and properly executed

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE
ADVERTISED FOR (N.J.S.A. 40A:11-4)

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (C.40A:11-3), except by contract or agreement.

Effective July 1, 2005, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$21,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$21,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

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

Road Reconstruction
Demolition
Painting
Cell Tower Lease

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 materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid 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.

GENERAL COMMENTS (CONTINUED)

CONTRACTS AND AGREEMENTS REQUIRED TO BE
ADVERTISED FOR (N.J.S.A. 40A:11-4) (CONTINUED)

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" as required by N.J.S.A.40:11-14:

Planning Consultants
Bond Counsel
Planner
Auditor
Engineering Services
Attorney
Architect
Insurance Consultant

COLLECTION OF INTEREST ON DELINQUENT
TAXES AND ASSESSMENTS

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 13, 2009 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

The Collector of Taxes shall charge interest at the rate of eight (8%) percent per annum on the first \$1,500.00 of the delinquency, which term is defined in N.J.S.A. 54:4-67, and eighteen (18%) percent per annum on any amount of the delinquency, as that term is defined in N.J.S.A. 54:4-67, in excess of the \$1,500.00, to be calculated from the date the taxes and/or assessments were payable until the date that actual payment to the lien holder is next authorized; and the Tax Collector shall also charge a penalty of an additional six (6%) percent of the amount of the delinquency, as that term is defined by N.J.S.A. 54:4-67, to a taxpayer with such a delinquency in excess of \$10,000.00 and who fails to pay that delinquency prior to the end of the fiscal year. If such taxes and/or assessments are fully paid and satisfied by the holder of an outstanding tax sale certificate, such holders shall be entitled to receive the six (6%) percent penalty as part of the amount required to be paid by the taxpayer in order to redeem such tax sale certificate.

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

GENERAL COMMENTS (CONTINUED)

VERIFICATION OF DELINQUENT TAXES
AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>TYPE</u>	
Payments of 2010 Taxes	25
Payments of 2009 Taxes	25
Delinquent Taxes	25

TAX TITLE LIENS

The last tax sale was held on June 23, 2009 and was complete.

An examination of the tax sale certificates revealed all certificates were on file and available for audit.

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

<u>YEARS</u>	<u>NUMBER OF LIENS</u>
2009	3
2008	3
2007	4

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

OTHER COMMENTS

Interfund Balances

Transactions invariably occur in one fund which require a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year. It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

Treasurer

Reference to "Exhibit A-3" indicates that an Appropriation line item was overexpended at December 31, 2009. Sufficient appropriation balances are required to be available prior to the commitment or expenditure of funds.

We noted that Current Fund Appropriation Ledger was not in agreement with the Current Fund General Ledger.

We noted that several expenditures were not on the approved bill list.

RECOMMENDATIONS

That no payment for goods or services be made until all vendor's bills have been approved by the governing body.

That sufficient appropriation balances be available prior to the expenditure of any funds.

That Current Fund Appropriation Ledger be reconciled with the Current Fund General Ledger.