

"A-14"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF
MUNICIPAL ASSETS

	<u>REF.</u>	
Balance December 31, 2011 and December 31, 2012	A	\$ <u>125.00</u>

"A-15"

SCHEDULE OF RESERVE GRANTS - UNAPPROPRIATED

Balance, December 31, 2011	A	\$ 17,716.09
Increased by:		
Receipts	A-4	\$ <u>1,226.00</u>
		\$ 18,942.09
Decreased by:		
Applied to Receivables	A-5	<u>17,716.09</u>
Balance, December 31, 2012	A	\$ <u>1,226.00</u>

ANALYSIS OF BALANCE

Heart Grant	\$ 500.00
Greening Union County	<u>726.00</u>
	\$ <u>1,226.00</u>

"A-16"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY -
MARRIAGE LICENSE FEES

	<u>REF.</u>		
Balance, December 31, 2011	A	\$	125.00
Increased by:			
Receipts	A-4		<u>500.00</u>
Decreased by:			
Disbursements	A-4	\$	<u><u>625.00</u></u>

"A-17"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2011	A	\$	95,608.56
Increased by:			
Collection of 2013 Taxes	A-4	\$	<u>89,227.01</u>
			<u>184,835.57</u>
Decreased by:			
Applied to Taxes Receivable	A-9		<u>95,608.56</u>
Balance, December 31, 2012	A	\$	<u><u>89,227.01</u></u>

BOROUGH OF FANWOOD
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2011	A	\$	10,449.64
Increased by:			
Overpayments in 2012	A-4		41,464.98
		\$	<u>51,914.62</u>
Decreased by:			
Applied to Taxes Receivable	A-9	\$	3,559.25
Refunded	A-4		<u>33,636.20</u>
			<u>37,195.45</u>
Balance, December 31, 2012	A	\$	<u><u>14,719.17</u></u>

SCHEDULE OF DEFERRED CHARGES

Balance, December 31, 2011	A	\$	49,353.00
Increased by:			
Emergency Appropriation 40A:4-43	A-3	\$	55,000.00
Emergency Appropriation 40A:4-55	A-3		<u>500,000.00</u>
			555,000.00
		\$	<u>604,353.00</u>
Decreased by:			
Raised in Budget	A-3		<u>49,353.00</u>
Balance, December 31, 2012	A	\$	<u><u>555,000.00</u></u>

"A-20"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2011	A		\$ 8,589.09
Increased by:			
2012 Levy	A-1:A-9	\$ 5,232,055.35	
County Portion of P.I.L.O.T.	A-4	1,614.68	
Added Taxes - 54:63.1 et.seq.	A-1:A-9	<u>9,158.19</u>	
			\$ 5,242,828.22
			<u>\$ 5,251,417.31</u>
Decreased by:			
Payments	A-4		<u>5,240,644.10</u>
Balance, December 31, 2012	A		<u>\$ 10,773.21</u>

"A-21"

SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX

Balance, December 31, 2011			
School Tax Deferred		\$ 8,466,322.29	
School Tax Payable	A	<u>116,740.39</u>	
			\$ 8,583,062.68
Increased by:			
Levy-School Year-July 1, 2012 to June 30, 2013	A-9		<u>16,956,162.82</u>
			\$ 25,539,225.50
Decreased by:			
Payments in 2012	A-4		<u>16,956,162.28</u>
Balance, December 31, 2012			
School Tax Deferred		\$ 8,478,081.41	
School Tax Payable	A	<u>104,981.81</u>	
			\$ 8,583,063.22
2012 Liability for Regional School District Tax:			
School Tax Paid 2012			\$ 16,956,162.28
Add: School Tax (Payable) December 31, 2011			<u>(116,740.39)</u>
			\$ 16,839,421.89
Add: School Tax Payable December 31, 2012			<u>104,981.81</u>
	A-1		<u>\$ 16,944,403.70</u>

BOROUGH OF FAIRWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

PROGRAM	BALANCE DECEMBER 31, 2011	ACCOUNTS PAYABLE TRANSFERRED	2012 APPROPRIATIONS	EXPENDED	BALANCE DECEMBER 31, 2012
Alcohol Education, Rehabilitation Fund	\$ 188.70	\$	\$	\$	188.70
Drunk Driving Enforcement Fund	4,817.10			2,253.76	2,563.34
Clean Communities Program	14,275.65		10,227.32	9,481.04	15,021.93
SHARE Program-Library Phase I	205.96				205.96
SHARE Program-Library Phase II-Match	1.00				1.00
SHARE Program-Library Study	3,334.20				3,334.20
Recycling Enhancement Grant	1,513.89			507.00	1,006.89
FEMA Firefighters Grant	13,262.00				13,262.00
Improvements to Carriage House	1,652.47	2,460.00		3,266.42	844.05
Sharing Available Resources	1,465.04				1,465.04
Sharing Available Resources-Match	269.80				269.80
Union County Arts Grant	2,150.00				2,150.00
Smart Future Planning Grant	742.06			720.06	22.00
County of Union Project Downtown	12,671.16			12,671.16	
R.O.I.D. Grant-06	1,109.49				1,109.49
FEMA Firefighters Grant	4,382.89				4,382.89
FEMA Firefighters Grant-Match	1,297.00				1,297.00
Union County Kids Recreation	73,200.61	21,681.44		9,180.62	85,701.43
Pocket Parks Grant 04	5,404.26				5,404.26
Union County - Senior Initiatives	556.57				556.57
Municipal Alliance - Local Match	6,246.50				6,246.50
Municipal Alliance-11	190.00				190.00
Body Armor Replacement Fund	14,103.41		2,123.75		12,979.66
Recycling Tonnage Grant	17,292.10		3,907.87	1,430.00	16,581.28
Preserve Union County-Carriage House	15,000.00		27,588.46		44,860.56
Historic Preservation Grant	15,661.16	666.00		2,200.00	12,800.00
Stormwater Infrastructure Grant	6,351.00			2,923.64	13,403.52
Click It or Ticket	4,000.00			4,000.00	6,351.00
Stormwater Infrastructure Grant-08	2,117.00				4,000.00
Local Domestic Preparedness Equip Grant	0.80				2,117.00
Business Stimulus Grant	690.00				0.80
Over the Limit Under Arrest	4,400.00				690.00
Preserve Union County	49,040.00	342.00		828.83	4,400.00
Union County Heart Grant	500.00				48,553.17
Union County Heart Grant-10	1,000.00				500.00
Union County Heart Grant-11	1,000.00				1,000.00
Union County Heart Grant-12	1,000.00				1,000.00
Greening Union County			1,000.00		1,000.00
Housing Rehabilitation			717.00		717.00
			66,750.00	4,250.00	62,500.00
	\$ 280,091.82	\$ 25,149.44	\$ 116,314.40	\$ 54,703.33	\$ 366,852.33

REF.

Cash Disbursements
Accounts Payable

A

A-3

A-24

A

\$ 44,635.54
10,067.79

\$

\$

\$

\$ 54,703.33

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF INTERFUNDS

REF.	TOTAL	ASSESSMENT TRUST FUND	ANIMAL CONTROL TRUST FUND	TRUST OTHER FUND	GENERAL CAPITAL FUND
Balance, December 31, 2011:					
Due From	\$ 4,058.43 \$	318.56 \$	\$	3,739.87 \$	
Due To	5,758.56		1.23		5,757.33
Cash Receipts	853,365.13			5,822.63	847,542.50
Cash Disbursements	890,672.96		1.90	18,436.12	872,234.94
Balance, December 31, 2012:					
Due From	\$ 35,607.70 \$	318.56 \$	0.67 \$	16,353.36 \$	18,935.11

"A-24"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2011	A		\$ 351,281.76
Increased by:			
Federal and State Grants Appropriated	A-22	\$ 10,067.79	
2012 Appropriations	A-3	474,535.68	
2011 Appropriation Reserves	A-13	<u>12,619.33</u>	
			\$ <u>497,222.80</u>
			\$ <u>848,504.56</u>
Decreased by:			
Transferred to Appropriation Reserves	A-13	\$ 175,172.92	
Transferred to Federal and State Grants Appropriated	A-22	25,149.44	
Disbursements	A-4	<u>959.40</u>	
			<u>201,281.76</u>
Balance, December 31, 2012	A		\$ <u><u>647,222.80</u></u>

"A-25"

SCHEDULE OF STATE TRAINING FEES -
DUE STATE OF NEW JERSEY

Balance, December 31, 2011	A		\$ 2,641.54
Increased by:			
Receipts	A-4		<u>6,372.00</u>
			\$ <u>9,013.54</u>
Decreased by:			
Disbursements	A-4		<u>7,937.00</u>
Balance, December 31, 2012	A		\$ <u><u>1,076.54</u></u>

"A-26"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR FIRE FINES AND PENALTIES

REF.

Balance, December 31, 2012 and
December 31, 2011

A

\$ 25.00

"A-27"

SCHEDULE OF BURIAL PERMITS
DUE STATE OF NEW JERSEY

Balance, December 31, 2012 and
December 31, 2011

A

\$ 35.00

"A-28"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX APPEALS

	<u>REF.</u>	
Balance, December 31, 2012 and December 31, 2011	A	\$ <u>39,624.80</u>

"A-29"

SCHEDULE OF SEWER CHARGES RECEIVABLE

Balance, December 31, 2011	A	\$ 409.27
Increased by: Sewer Charges		\$ <u>35,163.51</u>
		\$ 35,572.78
Decreased by: Cash Receipts	A-2:A-4	<u>31,175.26</u>
Balance, December 31, 2012	A	\$ <u>4,397.52</u>

"A-30"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR LIBRARY

	<u>REF.</u>	
Balance, December 31, 2012 and December 31, 2011	A	\$ <u>4,905.76</u>

"A-31"

SCHEDULE OF RESERVE FOR SNOW REMOVAL

Increased by:		
Transfer from 2012 Appropriations	A-3	\$ <u>25,000.00</u>
Balance, December 31, 2012	A	\$ <u>25,000.00</u>

"A-32"

SCHEDULE OF RESERVE FOR SALARY INCREASES

Increased by:		
Transfer from 2012 Appropriations	A-3	\$ 62,336.55
Transfer from 2011 Appropriations Reserves	A-13	<u>60,000.00</u>
		\$ <u>122,336.55</u>
Balance, December 31, 2012	A	\$ <u>122,336.55</u>

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF EMERGENCY NOTE PAYABLE

	<u>REF.</u>	
Increased by: Receipts	A-4	\$ <u>500,000.00</u>
Balance, December 31, 2012	A	\$ <u><u>500,000.00</u></u>

BOROUGH OF FANWOODTRUST FUNDSCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2011	B	\$ <u>3,435.27</u>	\$ <u>630,089.36</u>
Increased by:			
Animal Control Fees	B-9	\$ 5,341.61	
Community Development Block Grant	B-3		17,016.14
Due Current Fund	B-5	47.80	18,274.75
Miscellaneous Trust Deposits	B-6		32,064.48
Unemployment Compensation Insurance	B-7		5,052.56
Builders Escrow	B-10		29,602.44
Redevelopment Escrow	B-12		2,042.20
Tax Sale Premiums	B-18		463,045.95
Zoning Escrow	B-11		23,301.57
Recreation Commission	B-13		121,339.12
Law Enforcement Trust Fund	B-14		105.22
Developers Housing Escrow	B-15		46,175.08
Police Off-Duty Pay	B-21		130,085.87
Payroll Deductions	B-20		1,783,306.40
Library	B-16		21,533.19
In Lieu of Construction	B-17		94,209.98
Fanny Wood Trust	B-2		8,647.48
		\$ <u>5,389.41</u>	\$ <u>2,795,802.43</u>
		\$ <u>8,824.68</u>	\$ <u>3,425,891.79</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-9	\$ 2,446.43	
Due Current Fund	B-5	45.90	5,661.26
Miscellaneous Trust Deposits	B-6		27,781.99
Unemployment Compensation Insurance	B-7		4,776.43
Community Development Block Grant Fund	B-8		16,162.08
Builders Escrow	B-10		52,942.95
Tax Sale Premiums	B-18		413,112.07
Zoning Escrow	B-11		33,016.92
Redevelopment Escrow	B-12		2,486.61
Recreation Commission	B-13		111,396.34
Developers Housing Escrow	B-15		162,688.67
Police Off-Duty Pay	B-21		115,576.26
Payroll Deductions	B-20		1,780,962.69
Rent Deposits	B-22		320.00
Library Fund	B-16		56,325.31
Fanny Wood Trust	B-2		4,810.56
Law Enforcement Trust	B-14		10,000.00
		\$ <u>2,492.33</u>	\$ <u>2,798,020.14</u>
Balance, December 31, 2012	B	\$ <u>6,332.35</u>	\$ <u>627,871.65</u>

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR FANNYWOOD TRUST

	<u>REF.</u>	
Balance, December 31, 2011	B	\$ 16,783.22
Increased by:		
Cash Receipts	B-1	\$ <u>8,647.48</u>
		\$ 25,430.70
Decreased by:		
Cash Disbursement	B-1	<u>4,810.56</u>
Balance, December 31, 2012	B	\$ <u><u>20,620.14</u></u>

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>DUE FROM COUNTY OF UNION COMMUNITY DEVELOPMENT BLOCK GRANTS</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2012</u>	
Enhanced Senior Bus Service	\$ 1,166.68 \$		1,166.68 \$		
Senior Citizen Walkway Handyman	3,500.00		3,500.00		
Enhanced Senior Bus Service	2,000.00		976.50	1,023.50	
Senior Citizen Program	10,000.00		9,999.96	0.04	
Enhanced Senior Bus Service	4,711.00	7,700.00	4,711.00		7,700.00
Senior Citizen Program		3,600.00			3,600.00
Handyman		1,000.00	162.00		838.00
	<u>\$ 21,377.68 \$</u>	<u>12,300.00 \$</u>	<u>20,516.14 \$</u>	<u>13,161.54</u>	<u>B</u>
<u>REF.</u>	B	B-8			
Cash Receipts	\$		17,016.14		
Transfer to Capital			3,500.00		
	\$		<u>20,516.14</u>		

BOROUGH OF FANWOOD
TRUST FUND
ANALYSIS OF ASSESSMENT CASH

		BALANCE DECEMBER <u>31, 2012</u>
Cash Deficit	\$	(318.56)
Due Current Fund	\$	<u>318.56</u>
	<u>REF.</u>	B

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, 2011				
(Due From)	B	\$	\$ 1.23	\$
(Due To)	B	318.56		3,739.87
Cash Receipts	B-1		47.80	18,274.75
		\$ 318.56	\$ 47.80	\$ 22,014.62
Cash Disbursements	B-1		45.90	5,661.26
Balance, December 31, 2012	B	\$ 318.56	\$ 0.67	\$ 16,353.36
(Due To)				

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS TRUST DEPOSITS

	<u>REF.</u>		
Balance, December 31, 2011	B	\$	83,822.34
Increased by:			
Cash Receipts	B-1		<u>32,064.48</u>
		\$	<u>115,886.82</u>
Decreased by:			
Cash Disbursements	B-1		<u>27,781.99</u>
Balance, December 31, 2012	B	\$	<u><u>88,104.83</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, 2011	B	\$	1,977.58
Increased by:			
Receipts	B-1	\$	<u>5,052.56</u>
			7,030.14
Decreased by:			
Disbursements	B-1		<u>4,776.43</u>
Balance, December 31, 2012	B	\$	<u><u>2,253.71</u></u>

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>DUE FROM COUNTY OF UNION- COMMUNITY DEVELOPMENT BLOCK GRANTS</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2012</u>
Senior Citizen Walkway	\$ 3,500.00 \$	\$	3,500.00 \$	1,226.00
Enhanced Senior Bus Service	5,535.46		5,535.46	3,235.50
Senior Citizen Program	3,399.08		3,399.08	1,610.96
Handyman Program	2,000.00	7,700.00	774.00	1,000.00
Enhanced Senior Bus Service		3,600.00	4,464.50	
Senior Citizen Program		1,000.00	1,989.04	
Handyman Program				
	<u>\$ 14,434.54 \$</u>	<u>12,300.00 \$</u>	<u>19,662.08 \$</u>	<u>7,072.46</u>

REF.

B

B-3

B

Cash Disbursements
Transfer to Capital

B-1
B-3

\$

16,162.08
3,500.00

\$ 19,662.08

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2011	B	\$	3,436.50
Increased by:			
Dog License Fees		\$	4,351.60
Cat License Fees			<u>990.01</u>
	B-1		5,341.61
		\$	<u>8,778.11</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11:			
Cash Disbursements	B-1		<u>2,446.43</u>
Balance, December 31, 2012	B	\$	<u><u>6,331.68</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>		<u>AMOUNT</u>
2011	\$	6,063.60
2010		<u>6,226.60</u>
	\$	<u><u>12,290.20</u></u>

"B-10"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR BUILDERS ESCROW

	<u>REF.</u>		
Balance, December 31, 2011	B	\$	42,661.24
Increased by:			
Cash Receipts	B-1		<u>29,602.44</u>
		\$	<u>72,263.68</u>
Decreased by:			
Cash Disbursements	B-1		<u>52,942.95</u>
Balance, December 31, 2012	B	\$	<u><u>19,320.73</u></u>

"B-11"

SCHEDULE OF RESERVE FOR ZONING ESCROW

Balance, December 31, 2011	B	\$	38,083.85
Increased by:			
Cash Receipts	B-1		<u>23,301.57</u>
		\$	<u>61,385.42</u>
Decreased by:			
Cash Disbursements	B-1		<u>33,016.92</u>
Balance, December 31, 2012	B	\$	<u><u>28,368.50</u></u>

"B-12"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR REDEVELOPMENT ESCROW

	<u>REF.</u>		
Balance, December 31, 2011	B	\$	4,871.01
Increased by:			
Cash Receipts	B-1		2,042.20
		\$	<u>6,913.21</u>
Decreased by:			
Cash Disbursements	B-1		2,486.61
			<u>2,486.61</u>
Balance, December 31, 2012	B	\$	<u><u>4,426.60</u></u>

"B-13"

SCHEDULE OF RESERVE FOR RECREATION COMMISSION

Balance, December 31, 2011	B	\$	72,358.93
Increased by:			
Cash Receipts	B-1		121,339.12
		\$	<u>193,698.05</u>
Decreased by:			
Cash Disbursements	B-1		111,396.34
			<u>111,396.34</u>
Balance, December 31, 2012	B	\$	<u><u>82,301.71</u></u>

"B-14"

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUNDS

Balance, December 31, 2011	B	\$	22,645.31
Increased by:			
Cash Receipts	B-1		105.22
		\$	<u>22,750.53</u>
Decreased by:			
Cash Disbursements	B-1		10,000.00
			<u>10,000.00</u>
Balance, December 31, 2012	B	\$	<u><u>12,750.53</u></u>

"B-15"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR DEVELOPERS HOUSING ESCROW

	<u>REF.</u>		
Balance, December 31, 2011	B	\$	132,984.73
Increased by:			
Cash Receipts	B-1		<u>46,175.08</u>
		\$	179,159.81
Decreased by:			
Cash Disbursements	B-1		<u>162,688.67</u>
Balance, December 31, 2012	B	\$	<u><u>16,471.14</u></u>

"B-16"

SCHEDULE OF RESERVE FOR LIBRARY

Balance, December 31, 2011	B	\$	94,977.40
Increased by:			
Cash Receipts	B-1		<u>21,533.19</u>
		\$	116,510.59
Decreased by:			
Cash Disbursements	B-1		<u>56,325.31</u>
Balance, December 31, 2012	B	\$	<u><u>60,185.28</u></u>

"B-17"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR IN LIEU OF CONSTRUCTION

	<u>REF.</u>		
Increased by:			
Cash Receipts	B-1	\$	94,209.98
Balance, December 31, 2012	B	\$	<u>94,209.98</u>

"B-18"

SCHEDULE OF TAX SALE PREMIUMS AND REDEMPTIONS

Balance, December 31, 2011	B	\$	66,715.86
Increased by:			
Cash Receipts	B-1		<u>463,045.95</u>
		\$	<u>529,761.81</u>
Decreased by:			
Cash Disbursements	B-1		<u>413,112.07</u>
Balance, December 31, 2012	B	\$	<u>116,649.74</u>

"B-19"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR CELL TOWER DEPOSITS

	<u>REF.</u>	
Balance, December 31, 2012 and December 31, 2011	B	\$ <u>7,875.00</u>

"B-20"

SCHEDULE OF PAYROLL DEDUCTIONS

Balance, December 31, 2011	B	\$ 28,315.28
Increased by:		
Cash Receipts	B-1	<u>1,783,306.40</u>
		\$ 1,811,621.68
Decreased by:		
Cash Disbursements	B-1	<u>1,780,962.69</u>
Balance, December 31, 2012	B	\$ <u>30,658.99</u>

"B-21"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR POLICE OFF-DUTY PAY

	<u>REF.</u>		
Balance, December 31, 2011	B	\$	18,900.88
Increased by:			
Cash Receipts	B-1		<u>130,085.87</u>
		\$	148,986.75
Decreased by:			
Cash Disbursements	B-1		<u>115,576.26</u>
Balance, December 31, 2012	B	\$	<u><u>33,410.49</u></u>

"B-22"

SCHEDULE OF RENT DEPOSITS

Balance, December 31, 2011	B	\$	320.00
Decreased by:			
Cash Disbursements	B-1	\$	<u><u>320.00</u></u>

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2011	C		\$ 1,079,273.29
Increased by Receipts:			
Capital Improvement Fund	C-8	\$ 125,000.00	
Bond Anticipation Note	C-12	6,156,629.00	
Grants Receivable	C-13	200,187.50	
Other	C-1	3,500.00	
Premium on Sale of Notes	C-1	25,420.00	
Refunds-Improvement Authorizations	C-9	34,879.00	
Due Current Fund	C-4	<u>830,109.67</u>	
			<u>7,375,725.17</u>
			\$ <u>8,454,998.46</u>
Decreased by Disbursements:			
Bond Anticipation Note	C-12	\$ 4,656,629.00	
Contracts Payable	C-10	1,185,509.18	
Fund Balance Anticipated as Revenue	C-1	70,000.00	
Due Current Fund	C-4	<u>805,416.63</u>	
			<u>6,717,554.81</u>
Balance, December 31, 2012	C		\$ <u><u>1,737,443.65</u></u>

"C-3"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH

	<u>BALANCE DECEMBER 31, 2012</u>
Capital Fund Balance	\$ 76,755.11
Contracts Payable	986,581.07
Capital Improvement Fund	55,046.80
Improvement Authorizations Funded Set Forth on "C-9"	26,323.90
Improvement Authorizations Expended Set Forth on "C-7"	(23,400.03)
Unexpended Proceeds of Bond Anticipation Notes Set Forth on "C-7"	898,982.75
Cash on Hand - Ordinance 04-09, 01-07/02-10 Set Forth on "C-7"	33,217.80
State Aid Receivable	(329,236.11)
Reserve to Pay Notes	237.25
Due from Scotch Plains - Fanwood Board of Education	(6,000.00)
Due Current Fund	<u>18,935.11</u>
	<u>\$ 1,737,443.65</u>

REF.

C

"C-4"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2011 (Due From)	C	\$ 5,757.93
Increased by:		
Cash Disbursements	C-2	\$ <u>805,416.63</u>
		\$ <u>811,174.56</u>
Decreased by:		
Cash Receipts	C-2	<u>830,109.67</u>
Balance, December 31, 2012 (Due To)	C	\$ <u><u>18,935.11</u></u>

"C-5"

SCHEDULE OF DUE FROM SCOTCH PLAINS - FANWOOD BOARD OF EDUCATION

Balance, December 31, 2012 and December 31, 2011	C	\$ <u><u>6,000.00</u></u>
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BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>REF.</u>	
Balance, December 31, 2011	C	\$ 4,570,000.00
Decreased by:		
2012 Budget Appropriation to Pay Bonds	C-11	<u>410,000.00</u>
Balance, December 31, 2012	C	\$ <u><u>4,160,000.00</u></u>

"C-8"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2011	C	\$	83,246.80
Increased by:			
2012 Appropriations	C-2	\$	<u>125,000.00</u>
			208,246.80
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-9	\$	93,700.00
Contracts Payable-Preliminary Costs	C-10		<u>59,500.00</u>
			<u>153,200.00</u>
Balance, December 31, 2012	C	\$	<u><u>55,046.80</u></u>

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2011		2012 AUTHORIZATIONS	PAID OR CHARGED	IMPROVEMENT AUTHORIZATIONS CANCELED	REFUND	BALANCE DECEMBER 31, 2012	
				FUNDED	UNFUNDED					FUNDED	UNFUNDED
General Improvements:											
99-06	Various General Improvements	04/05/99	\$ 533,500.00	\$ 18,498.00	\$	\$	\$	\$ 18,498.00	\$	\$	\$
00-05	Various General Improvements	05/11/00	764,340.00	2,223.26				2,168.76		54.50	
01-07	Various Capital Improvements	05/10/01	988,748.00		17,978.40						17,978.40
02-09	Various Capital Improvements	05/20/02	1,192,350.00	24,000.00				24,000.00			
03-08/08-10	Various Capital Improvements	05/13/03	1,339,040.00	26,923.75						21,909.75	
03-11	Acquisition and Installation of Emergency Service Tower	06/10/03	100,000.00	494.50				494.50			
04-09	Various Capital Improvements	07/19/04	767,590.00		42,950.70		(5.55)				42,355.75
05-12/05-16	Various Capital Improvements	06/14/05	1,575,068.00		93,397.45		91,567.23			4,359.65	1,830.22
05-22	LaGrande Park Improvements	10/11/05	147,860.00	4,359.65							
06-13/06-10	Various Capital Improvements	05/09/06	1,912,468.00		228,381.37		10,155.44				218,225.93
07-11/09-09	Various Capital Improvements	07/03/07	1,513,000.00		500,312.82		16,161.87				484,150.95
07-21	Acquisition of Property	11/20/07	2,000,000.00		1,504.82						1,504.82
10-04	Various Capital Improvements	06/07/10	2,050,000.00		709,898.07		183,944.38				525,953.69
11-08	Various Capital Improvements	06/14/11	1,363,582.00		751,843.35		305,550.26				481,172.09
12-07	Drainage Improvements	06/19/12	2,581,000.00			2,581,000.00			34,879.00		2,252,128.80
12-11	Various Capital Improvements	08/21/12	1,680,000.00			1,680,000.00					1,401,599.97
			\$	\$ 76,505.16	\$ 2,345,656.58	\$ 4,241,000.00	\$ 1,199,664.86	\$ 45,161.26	\$ 34,879.00	\$ 26,323.90	\$ 5,426,900.72
				C	C	C	C-10	C-1	C-2	C-C-3	C-C-7
	Capital Improvement Fund					\$ 93,700.00					
	Grants Receivable					180,000.00					
	Deferred Charges Unfunded					3,957,300.00					
						\$ 4,241,000.00					

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance December 31, 2011	C		\$ 912,925.39
Increased by:			
Contracts Issued-Improvement Authorizations	C-9	\$ 1,199,664.86	
Contracts Issued-Preliminary Costs	C-8	<u>59,500.00</u>	
			\$ <u>1,259,164.86</u>
			\$ 2,172,090.25
Decreased by:			
Cash Disbursements	C-2		<u>1,185,509.18</u>
Balance December 31, 2012	C		\$ <u><u>986,581.07</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, 2012		INTEREST RATE	BALANCE DECEMBER 31, 2011	BALANCE DECEMBER 31, 2012
			DATE	AMOUNT			
General Improvement Bonds	9/15/01	\$ 1,300,000.00	09/15/13	\$ 120,000.00	4.250%	\$ 240,000.00	\$ 120,000.00
	12/1/03	2,650,000.00	12/1/13 12/1/14-16	240,000.00 250,000.00	3.375% 3.500%	1,230,000.00	240,000.00
General Improvement Bonds	7/15/08	3,200,000.00	07/15/13	125,000.00	4.000%	3,100,000.00	3,050,000.00
			07/15/14-15	225,000.00	4.125%		
			07/15/16	225,000.00	4.250%		
			07/15/17-20	300,000.00	4.250%		
			07/15/21	350,000.00	4.350%		
			07/15/22-23	350,000.00	4.400%		
						\$ 4,570,000.00	\$ 4,160,000.00

REF.

C

C-6

C

C

C-6

C

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2011	C	\$ 349,423.61
Increased by:		
Grants Authorized	C-9	<u>180,000.00</u>
		\$ 529,423.61
Decreased by:		
Cash Receipts	C-2	<u>200,187.50</u>
Balance, December 31, 2012	C	<u><u>\$ 329,236.11</u></u>

"C-14"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE TO PAY NOTES

Balance, December 31, 2012 and
December 2011

REF.

C

\$ 237.25

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF EMERGENCY NOTE

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>DECREASED</u>
07-22	Refunding Bond Ordinance	01/24/08	02/22/11	02/21/12	1.75%	\$ 100,000.00	\$ 100,000.00
						\$ 100,000.00	\$ 100,000.00
				<u>REF.</u>	C		
	Notes Paid by Budget					\$ 100,000.00	\$ 100,000.00

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2012</u>	
		<u>CAPITAL FUND</u>	<u>TRUST FUND</u>
General Improvements:			
06-13/06-10	Various General Improvements	\$ 63,485.00	\$
07-11/09-09	Various Capital Improvements	251,618.00	
10-04	Various Capital Improvements	315,000.00	
11-08	Various Capital Improvements	253,915.00	
12-07	Drainage Improvements	2,242,300.00	
12-11	Various Capital Improvements	1,425,000.00	
Local Improvements:			
87-06	Install Curbing on Cray Terrace		318.56
		\$ <u>4,551,318.00</u>	\$ <u>318.56</u>
	Assessment Lien		\$ <u>318.56</u>
			\$ <u>318.56</u>

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Fanwood, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated March 29, 2013. 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.

Internal Control Over Financial Reporting

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

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

March 29, 2013

BOROUGH OF FANWOOD

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2012

PASS THROUGH GRANTOR/ FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANTORS NUMBER	GRANT PERIOD FROM TO	GRANT AWARD AMOUNT	2012 FUNDS RECEIVED	2012 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2012
<u>PASS THROUGH FROM COUNTY OF UNION</u>							
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>							
Community Development Block Grant	14.218	010-221	09/01/10 08/31/11	\$ 6,213.00	\$ 1,166.68	\$	6,213.00
Community Development Block Grant	14.218	011-428	09/01/11 08/31/12	2,000.00	976.50	774.00	774.00
Community Development Block Grant	14.218	011-220	09/01/11 08/31/12	4,711.00	4,711.00	3,399.08	4,711.00
Community Development Block Grant	14.218	011-221	09/01/11 08/31/12	10,000.00	9,999.96	5,535.46	10,000.00
Community Development Block Grant	14.218	011-023	09/01/11 08/31/12	3,500.00	3,500.00	3,500.00	3,500.00
Community Development Block Grant	14.218	012-220	09/01/12 08/31/13	3,600.00		1,989.04	1,989.04
Community Development Block Grant	14.218	012-221	09/01/12 08/31/13	7,700.00		4,464.50	4,464.50
Community Development Block Grant	14.218	012-428	09/01/12 08/31/13	1,000.00	162.00		
					<u>20,516.14</u>	<u>19,662.08</u>	<u>31,651.54</u>
<u>PASS THROUGH FROM STATE OF NEW JERSEY</u>							
Over the Limit Under Arrest Click it or Ticket	20.601 20.614			4,400.00 4,000.00		4,000.00	4,000.00
<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			
					<u>24,516.14</u>	<u>23,662.08</u>	<u>44,070.11</u>
							<u>79,721.65</u>

BOROUGH OF FANWOOD

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2012

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD FROM	GRANT PERIOD TO	GRANT AWARD AMOUNT	2012 FUNDS RECEIVED	2012 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2012
DEPARTMENT OF COMMUNITY AFFAIRS							
Alcohol Education and Rehabilitation Fund	9735-760-098-6020	Continuous		\$ 767.07	\$	\$	578.37
Handicapped Persons Recreation Opportunity Grant (ROID)	8050-100-022-8050-035-F157-6120	01/01/06	12/31/06	5,544.51			5,544.51
Smart Growth Grant	8049-100-022-8049-006-F5MR-6120	12/31/03	06/30/06	50,000.00			50,000.00
Smart Growth Grant-TDR	8049-100-022-8049-006-F5MR-6120	02/14/05	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	05/01/05	04/30/07	46,350.00			46,343.89
S.H.A.R.E. GRANT-Library Phase II	05-100-022-8030-654-FFFF-6120	07/01/05	07/01/07	38,288.00			38,288.00
S.H.A.R.E. GRANT-Storage Facility	05-100-022-8030-658-FFFF-6120	07/01/05	07/01/07	40,000.00			40,000.00
S.H.A.R.E. GRANT-Library Study	05-100-022-8030-658-FFFF-6120	07/01/05	07/01/07	149,750.00			146,415.80
Smart Future Planning Grant	8049-734-022-8049-001-F000-6120			50,000.00		720.06	49,978.00
Sharing Available Resources				12,727.00			11,261.96
Livable Communities Grant-Local Library Aid	05-100-022-8030-654-FFFF-6120	05/01/05	04/30/07	40,000.00			40,000.00
State of New Jersey Special Legislative Grant	8050-100-022-8050-604-FFFF-6120	01/01/01	12/31/01	100,000.00		720.06	100,000.00
						720.06	568,410.53
DEPARTMENT OF TREASURY							
State Contingency Fund Special Purpose-LaGrande Park	9420-100-094-9420-047-9899-6130	01/01/05	12/31/05	130,000.00			58,839.66
Clean Energy Program				58,839.66		808.42	49,155.95
Improvements to Carriage House	CDG 07-029	07/01/06	06/30/07	50,000.00		808.42	107,995.61
DEPARTMENT OF ENVIRONMENTAL PROTECTION							
Clean Communities Program-Prior Year	4900-765-042-4900	Continuous		21,244.71		9,481.04	16,450.10
Clean Communities Program	4900-765-042-4900	Continuous		10,227.32	10,227.32		
Municipal Stormwater Regulation Program	06-100-042-5850-118			6,351.00			
Municipal Stormwater Regulation Program				2,117.00			
Recycling Tonnage Grant - Prior	4900-752-042-4900	Various		14,611.57			8,508.79
Recycling Tonnage Grant	4900-752-042-4900	Various		26,269.06	12,508.62	9,481.04	24,958.89
					22,735.94		
DEPARTMENT OF LAW AND PUBLIC SAFETY							
Drunk Driving Enforcement Fund-Prior	1110-100-066-1110	Various		10,524.72		2,253.76	7,961.38
Domestic Preparedness Equipment Grant	1020-100-066-1020	01/01/04	12/31/04	21,500.00			21,499.20
Emergency Management	1200-100-066-1200-726-YEMR-6120	01/01/04	12/31/04	4,000.00			4,000.00
State/Local All Hazards Emergency Operation Planning Program	1200-100-066-1200-845-YEMR-6120	01/01/04	12/31/04	2,405.72			2,405.72
Body Armor Replacement Fund-Prior	1020-718-066-1020	Continuous		21,125.23		1,430.00	8,451.82
Body Armor Replacement Fund	1020-718-066-1020	Continuous		1,988.62	1,988.62	3,663.76	44,318.12
					1,988.62		
					1,988.62		

BOROUGH OF FANWOOD

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>STATE ACCOUNT NUMBER</u>	<u>GRANT PERIOD FROM TO</u>	<u>GRANT AWARD AMOUNT</u>	<u>2012 FUNDS RECEIVED</u>	<u>2012 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2012</u>
PASS THROUGH COUNTY OF UNION Municipal Alliance Grant	SC-11-ALL-04	01/01/11 12/31/11	\$ 2,313.75	\$	\$	\$ 2,123.75
DEPARTMENT OF TRANSPORTATION Sheelan's Crossing Bridge Deck and Ramps Westfield Road Safe Streets to Schools Helen Street, Pleasant Ave, Tower/Midway (Sec. 2) Russell Road Belvidere Ave Watson Road Herbert Ave Various Capital Improvements	02-480-078-6320-AFG-6010 03-480-078-6320-AGS-6010 06-480-078-6300-DDO-7310 05-480-078-6320-AJG-6010 08-480-078-6320-AJB-6010 09-480-078-6320-AKE-6010 11-480-078-6320-AK3-6010 12-480-078-6320-ACL-6010	Continuous Continuous Continuous Continuous Continuous Continuous Continuous Continuous	200,000.00 250,000.00 100,000.00 188,000.00 200,000.00 200,000.00 275,000.00 175,250.00 180,000.00	68,750.00 131,437.50 200,187.50	68,750.00 131,437.50 200,187.50	93,655.42 250,000.00 25,000.00 188,000.00 150,000.00 150,000.00 275,000.00 131,437.50 1,263,092.92
			\$	\$	\$	\$
			2,313.75	224,912.06	214,880.78	2,010,899.82

PART III
BOROUGH OF FANWOOD
STATISTICAL DATA
LIST OF OFFICIALS
COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2012

BOROUGH OF FANWOOD

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

YEARS ENDED DECEMBER 31, 2012 AND 2011

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 - REGULATORY 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-REGULATORY BASIS (CONTINUED)

Revenues

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 4,000.00	\$ 24,724.56	\$ 130,923.10	\$ 159,647.66
Trust Other Fund	17,016.14			17,016.14
General Capital Fund	<u>3,500.00</u>	<u>200,187.50</u>	<u> </u>	<u>203,687.50</u>
	<u>\$ 24,516.14</u>	<u>\$ 224,912.06</u>	<u>\$ 130,923.10</u>	<u>\$ 380,351.30</u>

Expenditures

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 4,000.00	\$ 14,693.28	\$ 23,361.43	\$ 42,054.71
Trust Other Fund	16,162.08			16,162.08
General Capital Fund	<u>3,500.00</u>	<u>200,187.50</u>	<u> </u>	<u>203,687.50</u>
	<u>\$ 23,662.08</u>	<u>\$ 214,880.78</u>	<u>\$ 23,361.43</u>	<u>\$ 261,904.29</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.

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

	YEAR 2012		YEAR 2011	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 215,000.00	0.69%	\$ 774,934.00	2.50%
Miscellaneous From Other Than Local Property				
Tax Levies	2,723,570.04	8.75%	2,460,809.43	7.93%
Collection of Delinquent Taxes and Tax Title Liens	328,673.70	1.06%	320,978.99	1.03%
Collection of Current Tax Levy	<u>27,867,332.85</u>	<u>89.51%</u>	<u>27,484,912.34</u>	<u>88.54%</u>
<u>Total Income</u>	<u>\$ 31,134,576.59</u>	<u>100.00%</u>	<u>\$ 31,041,634.76</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures	\$ 9,028,754.41	28.90%	\$ 8,695,949.85	28.25%
County Taxes	5,241,213.54	16.77%	4,925,364.81	16.00%
Regional High School Taxes	16,944,403.70	54.23%	17,136,446.30	55.67%
Miscellaneous	<u>31,549.27</u>	<u>0.10%</u>	<u>25,700.68</u>	<u>0.08%</u>
<u>Total Expenditures</u>	<u>\$ 31,245,920.92</u>	<u>100.00%</u>	<u>\$ 30,783,461.64</u>	<u>100.00%</u>
Excess(Deficit) in Revenue	\$ (111,344.33)		\$ 258,173.12	
Adjustment to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budgets of Succeeding Years	<u>555,000.00</u>		<u>49,353.00</u>	
Statutory Excess to Fund Balance	\$ 443,655.67		\$ 307,526.12	
Fund Balance, January 1	<u>463,135.66</u>		<u>930,543.54</u>	
	\$ 906,791.33		\$ 1,238,069.66	
Less: Utilization as Anticipated Revenue	<u>215,000.00</u>		<u>774,934.00</u>	
Fund Balance, December 31	<u>\$ 691,791.33</u>		<u>\$ 463,135.66</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	<u>12.334</u>	<u>12.176</u>	<u>12.165</u>
Apportionment of Tax Rate:			
Municipal	2.456	2.447	2.541
Municipal Library	0.166	0.168	
County	2.290	2.151	2.054
Regional School	7.422	7.410	7.570

ASSESSED VALUATIONS

2012	<u>\$228,470,715.00</u>		
2011		<u>\$228,535,474.00</u>	
2010			<u>\$229,072,651.00</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>CURRENTLY</u>	
		<u>CASH COLLECTION</u>	<u>PERCENTAGE OF COLLECTIONS</u>
2012	\$28,228,943.65	\$27,864,235.27	98.71%
2011	\$27,875,159.74	\$27,484,903.34	98.60%
2010	\$27,923,757.35	\$27,562,523.21	98.71%

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>
2012	\$22,761.35	\$291,223.47	\$313,984.82	1.11%
2011	\$21,429.28	\$329,830.42	\$351,259.70	1.26%
2010	\$20,114.27	\$320,978.99	\$341,093.26	1.22%

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>
2012	\$12,279.00
2011	\$12,279.00
2010	\$12,279.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2012	\$691,473.58	\$215,000.00 *
2011	\$463,135.66	\$215,000.00
2010	\$930,543.54	\$774,934.00
2009	\$922,645.05	\$758,666.00
2008	\$1,051,274.40	\$816,505.99

* Per Introduced Budget

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>
Colleen Mahr	Mayor	*
Russell Huegel	Councilman	*
Kevin Boris	Councilman	*
Robert Manduca	Councilman	*
Katherine Mitchell	Councilwoman	*
Michael Szuch	Councilman	*
Anthony Parenti	Councilman	*
Eleanor McGovern	Borough Clerk/Administrator	**
Frederick J. Tomkins	Chief Financial Officer	**
Patricia Celardo	Assistant Treasurer	**
Colleen Huehn	Tax Collector	**
Michael Ross	Tax Assessor	*
Dominic Carrino	Borough Engineer	*
Dennis Estis	Borough Attorney	*
Daniel Antonelli	Prosecutor	*
Susan Macmullan	Magistrate	**
Joy Veeck	Court Administrator	**
Donna Zucker	Deputy Court Administrator	*
Richard Trigo	Chief of Police	*
Bruce Helmstetter	Construction Code Official	*

* \$1,000,000.00 Crime Coverage Bond-Travelers Insurance Fund

**\$1,000,000.00 Travelers Casualty and Surety Company of America

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 January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-4 was \$17,500.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

- Road Improvements
- Roof Replacement
- Brush Disposal
- Tractor
- Improvement to Carriage House
- Fire House Repairs

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.A. 40A:11-6.

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
- Auditor
- Engineering Services
- Attorney
- Architect
- Insurance Consultant

GENERAL COMMENTS (CONTINUED)

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 10, 2012 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.

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 2013 Taxes	25
Payments of 2012 Taxes	25
Delinquent Taxes	25

GENERAL COMMENTS (CONTINUED)

TAX TITLE LIENS

The last tax sale was held on April 26, 2012 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>
2012	3
2011	3
2010	3

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

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.

Encumbrance System

On a test check basis, we examined the paid claims of the various funds for proper signatures, approvals and authorizations, support documentation, correct extensions and applicability to account or appropriations charged. Our examination disclosed that several orders were placed prior to encumbrance of funds, invoices were not always present and checks were not always included on the bill list approved by the governing body.

General Ledger

Several adjustments needed to be made to the Current Fund General Ledger to properly reflect account balances.

We noted numerous grants receivable and appropriated grant reserves from prior years which should be reviewed and cleared of record.

RECOMMENDATIONS

*That all vouchers contain the required support documentation and approvals prior to their payments.

*That the Current Fund General Ledger be accurately maintained.

*That all grant receivables and appropriated reserves from prior years be reviewed and cleared of record.

*Prior Year Recommendation