

Report of Audit

on the

Financial Statements

of the

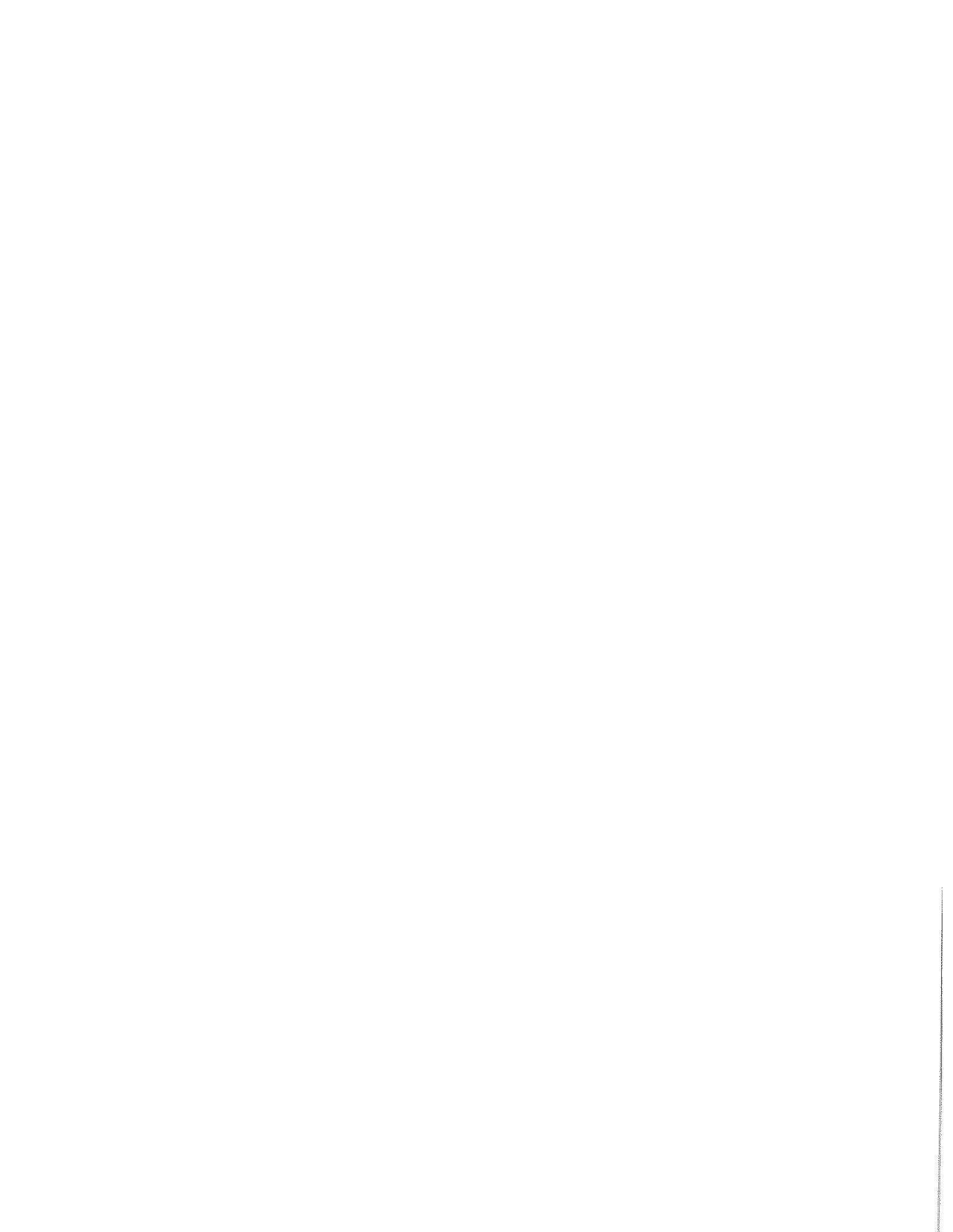
Borough of Fanwood

in the

County of Union
New Jersey

for the

Year Ended
December 31, 2014



BOROUGH OF FANWOOD

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BOROUGH OF FANWOOD

PART I

INDEPENDENT AUDITOR'S REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES AND DATA

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2014



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Fanwood, as of December 31, 2014 and 2013, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the provisions of U.S. Office of Management and Budget (OMB) Circular 133, "Audits of States, Local Governments and Non-Profit Organizations" and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

SUPLEE, CLOONEY & COMPANY

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Fanwood as of December 31, 2014, or the results of its operations and changes in fund balance for the year then ended or the revenues or expenditures for the year ended December 31, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2014, the regulatory basis statement of operations and changes in fund balance for the year then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2014 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

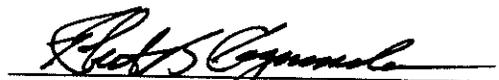
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Fanwood's regulatory financial statements. The information included in the supplementary information and data and schedule of state financial assistance listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed and data and schedule of state financial assistance in the table of contents, as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2015 on our consideration of the Borough of Fanwood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Fanwood's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

September 15, 2015

CURRENT FUND

BOROUGH OF FANWOOD

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</u>
Cash			
Cash - Change Funds	A-4	\$ 2,068,862.90	\$ 2,391,218.16
Due from State of New Jersey-Senior Citizens Deductions	A-6	350.00	350.00
State Aid Receivable	A-8	5,644.75	5,579.00
	A-5	<u>381,447.28</u>	<u>243,794.49</u>
		\$ <u>2,456,304.93</u>	\$ <u>2,640,941.65</u>
Receivables With Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 208,858.68	\$ 289,788.76
Tax Title Liens Receivable	A-10	20,128.80	19,081.34
Property Acquired for Taxes-Assessed Valuation	A-11	12,279.00	12,279.00
Revenue Accounts Receivable	A-12	15,169.16	10,229.81
Sewer Charges Receivable	A-29	200.40	4,980.00
Interfunds Receivable	A-23	23,057.44	16,393.55
Prepaid Regional School Tax	A-21	87,059.77	87,058.77
Maintenance Lien Receivable	A-35		<u>766.38</u>
	A	\$ <u>366,753.25</u>	\$ <u>440,577.61</u>
Deferred Charges:			
Emergency Appropriation 40A:4-53	A-19	\$ 33,000.00	\$ 44,000.00
Overexpenditure of Appropriation	A-19	36,383.09	
Emergency Appropriation 40A:4-55	A-19	<u>83,271.82</u>	<u>156,942.82</u>
		\$ <u>152,654.91</u>	\$ <u>200,942.82</u>
		<u>\$ 2,975,713.09</u>	<u>\$ 3,282,462.08</u>

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

BOROUGH OF FANWOOD

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 269,904.94 \$	146,565.32
Encumbrances Payable	A-24	409,094.24	406,993.05
Prepaid Taxes	A-17	123,805.41	413,464.85
Tax Overpayments	A-18	23,393.26	38,258.05
Interfunds Payable	A-23	8,643.26	9,334.76
County Taxes Payable	A-20	1,615.02	9,985.11
Reserve for:			
Due State of New Jersey:			
Marriage License Fees	A-16	50.00	
State Training Fees	A-25	1,954.54	788.54
Burial Permits	A-27	35.00	35.00
Emergency Note	A-34	42,282.69	42,282.69
Tax Appeals	A-28	33,697.47	20,600.32
Library	A-30	4,905.76	4,905.76
Sale of Municipal Assets	A-14	125.00	125.00
Grants - Appropriated	A-22	374,693.80	346,919.58
Grants - Unappropriated	A-15	1,357.50	1.00
Lawsuit	A-36	25,000.00	
Police Cars	A-37	42,582.50	
Fire Fines and Penalties	A-26	25.00	25.00
Snow Removal	A-31	25,000.00	25,000.00
Salary Increases	A-32	5,000.00	5,000.00
Emergency Note Payable	A-33	83,271.82	400,000.00
		<u>\$ 1,476,437.21</u>	<u>\$ 1,870,284.03</u>
Reserve for Receivables and Other Assets	A	366,753.25	440,577.61
Fund Balance	A-1	<u>1,132,522.63</u>	<u>971,600.44</u>
		<u>\$ 2,975,713.09</u>	<u>\$ 3,282,462.08</u>

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

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

	REF.	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized			
Miscellaneous Revenue Anticipated	A-2	\$ 642,733.00	\$ 232,000.00
Receipts From Delinquent Taxes	A-2	2,606,354.07	2,625,924.35
Receipts From Current Taxes	A-2	289,788.76	295,917.24
Non-Budget Revenue	A-2	29,721,987.38	28,626,120.30
Other Credits to Income:	A-2	96,971.41	101,282.95
Unexpended Balance of Appropriation Reserves	A-13	93,060.44	118,424.48
Grants Canceled		13,529.51	
Interfunds Returned			19,214.15
Maintenance Lien	A-4	766.38	
Tax Overpayments Canceled	A-18	12,551.35	100.92
<u>TOTAL INCOME</u>		<u>\$ 33,477,742.30</u>	<u>\$ 32,018,984.39</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS":			
Operating			
Deferred Charges and Statutory Expenditures	A-3	\$ 6,291,375.99	\$ 5,899,287.00
Operations Excluded From "CAPS":	A-3	705,808.74	764,366.00
Other Operations	A-3	1,129,477.64	1,016,881.17
Capital Improvement Fund	A-3	100,000.00	100,000.00
Deferred Charges	A-3	84,671.00	111,000.00
Municipal Debt Service	A-3	999,427.74	832,360.00
Regional School Tax	A-21	17,600,120.00	17,134,362.91
County Taxes	A-20	5,737,920.80	5,492,892.41
County Share of Added Taxes	A-20	8,703.40	8,370.09
Interfunds Advanced		6,663.89	
Reserve for Tax Appeals	A-2	25,000.00	25,000.00
Grants Receivable Canceled			35,596.93
Refund of Prior Year Revenue	A-4	17,300.00	
Senior Citizens and Veterans Adjustment	A-8	4,000.00	
Prepaid School Tax		1.00	87,058.77
<u>TOTAL EXPENDITURES</u>		<u>\$ 32,710,470.20</u>	<u>\$ 31,507,175.28</u>
Excess in Revenue		\$ 767,272.10	\$ 511,809.11
Adjustment to Income Before Fund Balance:			
Expenditures Included above which are by Statute			
Deferred Charges to Budgets of Succeeding Years	A-19	36,383.09	
Statutory Excess to Fund Balance		\$ 803,655.19	\$ 511,809.11
Fund Balance			
Balance, January 1	A	971,600.44	691,791.33
Decreased by:		\$ 1,775,255.63	\$ 1,203,600.44
Utilized as Anticipated Revenue	A-1:A-2	642,733.00	232,000.00
Balance, December 31	A	<u>\$ 1,132,522.63</u>	<u>\$ 971,600.44</u>

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

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	<u>REF.</u>	<u>BUDGET</u>	<u>SPECIAL N.J.S.</u> <u>40A: 4-87</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Fund Balance Appropriated	A-1	\$ <u>642,733.00</u>		\$ <u>642,733.00</u>	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-12	\$ 7,800.00	\$	\$ 7,625.00	\$ (175.00)
Other	A-2	4,300.00		10,977.00	6,677.00
Fees and Permits:					
Construction Code Official	A-12	210,000.00		268,455.00	58,455.00
Other	A-2	76,600.00		75,003.00	(1,597.00)
Municipal Court Fines	A-12	177,200.00		195,858.89	18,658.89
Interest and Costs on Taxes	A-12	58,600.00		58,705.64	105.64
Parking Meters & Permits	A-2	289,000.00		296,045.27	7,045.27
Interest on Investments	A-12	30,400.00		35,021.32	4,621.32
Energy Receipts Tax	A-12	755,288.00		755,288.00	
Township of Scotch Plains - Interlocal Agreement :					
Street Lighting		2,000.00			(2,000.00)
Drunk Driving Enforcement Fund	A-5		5,615.87	5,615.87	
Body Armor Replacement Fund	A-5		1,933.97	1,933.97	
Hazardous Mitigation Grant	A-5	125,000.00		125,000.00	
Union County Kids Recreation	A-5		40,000.00	40,000.00	
Clean Communities Program	A-5		11,260.93	11,260.93	
Historic Preservation Commission Grant	A-5	20,000.00		20,000.00	
Greening Union County	A-5		724.00	724.00	
R.O.I.D. Grant	A-5	20,000.00		20,000.00	
Rahway River Rain Water	A-5		500.00	500.00	
Click It or Ticket	A-5	4,400.00		4,400.00	
Union County Heart Grant	A-5		1,937.50	1,937.50	
Sewer Fees	A-29	55,000.00		55,171.61	171.61
Uniform Fire Safety Act	A-12	6,000.00		2,455.70	(3,544.30)
Verizon TV	A-12	68,140.97		68,140.47	(0.50)
Bulk Waste Pick Up	A-12	18,000.00		19,695.00	1,695.00
Cable T.V. Franchise Fee	A-12	32,668.24		32,668.24	
Communications Tower Rental	A-12	112,000.00		113,836.16	1,836.16
FEMA Reimbursement	A-12	27,575.96		27,575.96	
FEMA Reimbursement	A-12	42,282.69		43,047.04	764.35
Sale of Municipal Assets	A-12	200,000.00		200,000.00	
P.I.L.O.T. Elite Phase I	A-2	85,000.00		84,412.50	(587.50)
Capital Surplus	A-12	25,000.00		25,000.00	
	A-1	\$ <u>2,452,255.86</u>	\$ <u>61,972.27</u>	\$ <u>2,606,354.07</u>	\$ <u>92,125.94</u>
Receipts From Delinquent Taxes	A-1	\$ <u>256,615.83</u>	\$	\$ <u>289,788.76</u>	\$ <u>33,172.93</u>
Property Tax for Support of Municipal Budget Appropriation:					
Local Tax for Municipal Purposes	A-2;A-9	\$ 5,920,217.04	\$	\$ 6,119,549.37	\$ 199,332.33
Minimum Library Tax	A-2;A-9	363,136.81		363,136.81	
		\$ <u>6,283,353.85</u>	\$	\$ <u>6,482,686.18</u>	\$ <u>199,332.33</u>
<u>Budget Totals</u>		\$ <u>9,634,958.54</u>	\$ <u>61,972.27</u>	\$ <u>10,021,562.01</u>	\$ <u>324,631.20</u>
Non-Budget Revenue	A-1 ;A-2	\$	\$	\$ <u>96,971.41</u>	\$ <u>96,971.41</u>
		\$ <u>9,634,958.54</u>	\$ <u>61,972.27</u>	\$ <u>10,118,533.42</u>	\$ <u>421,602.61</u>

REF.

A-3

A-3

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

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	<u>REF.</u>		
Allocation of Current Tax Collections: Collected			
	A-1:A-9	\$	29,721,987.38
Allocated to:			
Schools and County Taxes		\$	23,634,301.20
Reserve for Tax Appeals	A-1:A-28	<u>25,000.00</u>	
			<u>23,659,301.20</u>
Support of Municipal Budget Appropriations		\$	6,062,686.18
Add: Appropriation Reserve for Uncollected Taxes	A-3		<u>420,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u>6,482,686.18</u>
Other Licenses:			
Health Officer	A-12	\$	7,260.00
Clerk	A-12		<u>3,717.00</u>
	A-2	\$	<u>10,977.00</u>
Other Fees and Permits:			
Health Officer	A-12	\$	620.00
Police Department	A-12		56,933.00
Zoning	A-12		4,570.00
Fire Inspection	A-12		<u>12,980.00</u>
Less: Refunds	A-4		<u>75,103.00</u>
	A-2	\$	<u>75,003.00</u>
Parking Meters	A-12	\$	303,077.27
Less: Refunds	A-4		<u>7,032.00</u>
	A-2	\$	<u>296,045.27</u>
P.I.L.O.T.	A-12	\$	88,781.22
Less: Refund to County	A-4		<u>4,368.72</u>
	A-2	\$	<u>84,412.50</u>
Miscellaneous Revenue Not Anticipated:			
Senior Citizens - Administrative Fee		\$	1,333.69
Reimbursements			13,856.00
Sewer Fees			18,040.00
LOSAP Refund			23,244.98
Miscellaneous			<u>40,496.74</u>
	A-4	\$	<u>96,971.41</u>

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

BOROUGH OF FANWOOD
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED		CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		

OPERATIONS WITHIN "CAPS":

GENERAL GOVERNMENT

Administrative and Executive:

Salaries and Wages

Other Expenses

Office of the Mayor:

Salaries and Wages

Other Expenses

Financial Administration:

Salaries and Wages

Other Expenses

Audit

Assessment of Taxes:

Salaries and Wages

Other Expenses

Collection of Taxes:

Salaries and Wages

Other Expenses

Legal Services and Costs:

Other Expenses

Municipal Prosecutor:

Salaries and Wages

Engineering Services and Costs:

Other Expenses

Planning Board:

Other Expenses

Credit Card Fees:

Other Expenses

Environmental Commission:

Salaries and Wages

Other Expenses

Shade Tree Commission:

Other Expenses

Insurance:

State Unemployment Compensation

Group Insurance for Employees

Other Insurance Premiums

Workmen's Compensation

Health Benefit Waiver

\$	166,600.00	\$	167,800.00	\$	1,782.59	\$
	64,308.00		64,308.00		62,525.41	
	10,500.00		5,000.00		4,879.92	120.08
	1,862.00		1,862.00		1,828.52	33.48
	94,666.00		99,556.00		99,126.71	429.29
	40,303.00		31,813.00		26,245.77	5,567.23
	28,000.00		27,000.00		26,675.00	325.00
	18,675.00		19,005.00		19,001.07	3.93
	8,214.00		8,214.00		7,770.56	443.44
	64,652.00		65,507.00		65,500.34	6.66
	8,232.00		6,112.00		4,218.47	1,893.53
	141,666.04		196,666.04		191,672.38	4,993.66
	22,900.00		24,059.00		24,058.68	0.32
	50,000.00		50,000.00		45,833.26	4,166.74
	17,593.00		15,093.00		9,908.99	5,184.01
	2,450.00		2,450.00		2,266.27	183.73
	3,750.00		3,875.00		3,869.93	5.07
	2,143.00		1,143.00		881.54	261.46
	47,628.00		47,628.00		44,580.12	3,047.88
	15,000.00		5,000.00		1,965.00	3,035.00
	1,115,420.72		1,095,420.72		1,093,584.02	1,836.70
	142,860.00		142,860.00		127,520.50	15,339.50
	164,614.00		164,614.00		144,777.00	19,837.00
	11,000.00		11,000.00		10,804.33	195.67

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

BOROUGH OF FANWOOD
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED		CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAPS"						
PUBLIC SAFETY						
Fire:						
Other Expenses:						
Fire Hydrants						
Miscellaneous						
Fire Prevention Bureau:						
Salaries and Wages	113,000.00 \$	113,000.00 \$	112,500.00 \$	500.00 \$		
Other Expenses	45,374.00	45,374.00	45,373.82	0.18		
Police:						
Salaries and Wages	19,000.00	19,800.00	19,182.95	617.05		
Other Expenses	4,385.50	2,385.50	1,772.46	613.04		
Salaries and Wages						
Other Expenses	1,880,000.00	1,840,000.00	1,876,383.09	3,644.50		36,383.09
School Crossing Guards:						
Salaries and Wages	73,548.00	96,548.00	92,903.50			
Dispatchers:						
Other Expenses	68,406.64	68,206.64	68,166.27	40.37		
Traffic Signal Maintenance:						
Other Expenses	81,600.00	81,600.00	60,000.00	21,600.00		
Emergency Management Services:						
Other Expenses	4,900.00	4,900.00	3,172.00	1,728.00		
Sanitation:						
Solid Waste Management Act:						
Salaries and Wages	1,638.00	1,638.00	699.00	939.00		
Other Expenses						
Road Repair and Maintenance:						
Salaries and Wages	6,300.00	6,300.00	2,043.07	4,256.93		
Other Expenses	89,994.00	89,994.00	81,245.95	8,748.05		
Other Expenses						
Street Lighting	593,000.00	625,500.00	610,414.24	15,085.76		
Other Expenses	110,446.00	100,446.00	93,875.58	6,570.42		
Street Lighting	114,000.00	114,000.00	86,994.68	27,005.32		
HEALTH AND WELFARE						
Board of Health:						
Salaries and Wages						
Other Expenses	11,100.00	11,250.00	11,048.16	201.84		
Contractual - Town of Westfield	2,161.00	2,161.00	1,909.22	251.78		
Animal Control Regulation:						
Other Expenses	41,366.00	41,366.00	41,366.00			
Shared Services:						
Other Expenses	2,940.00	2,940.00		2,940.00		
Snow Removal:						
Other Expenses	2,200.00	2,200.00	2,200.00			
Other Expenses						
New Jersey Public Employees Occupational and Safety Health Act:	49,000.00	49,000.00	34,316.42	14,683.58		
Other Expenses	980.00	980.00		980.00		

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

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED		CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
	\$	\$	\$	\$	\$	\$
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>						
Right to Know Act:						
Salaries and Wages	1,000.00					
Other Expenses	980.00					
Historic Preservation Commission:						
Other Expenses	1,422.00	1,422.00	830.90	591.10		
<u>RECREATION AND COMMUNITY SERVICES</u>						
Parks and Playgrounds:						
Salaries and Wages	19,500.00	19,500.00	19,481.33	18.67		
Other Expenses	15,638.00	15,638.00	15,555.60	82.40		
Celebration of Public Events:						
Other Expenses	8,624.00	12,624.00	10,952.79	1,671.21		
Senior Citizen:						
Salaries and Wages	5,556.00	5,556.00	5,556.00			
Other Expenses	4,558.00	4,558.00	2,008.30	2,549.70		
Rescue Squad:						
Other Expenses	2,940.00	2,940.00	2,940.00			
<u>MUNICIPAL COURT</u>						
Salaries and Wages	111,000.00	112,233.00	112,233.00	4,401.88		
Other Expenses	10,242.00	10,242.00	5,840.12			
State Uniform Construction Code:						
Construction Official:						
Salaries and Wages	19,420.00	20,802.00	20,801.18	0.82		
Other Expenses	8,850.00	8,850.00	8,612.37	237.63		
Sub Code Officials:						
Plumbing Inspector:						
Salaries and Wages	8,870.00	9,230.00	9,228.05	1.95		
Building Inspector:						
Salaries and Wages	71,500.00	73,901.00	73,901.00			
Electrical Inspector:						
Salaries and Wages	9,415.00	9,971.00	9,970.11	0.89		
Zoning Officer:						
Salaries and Wages	18,085.00	18,085.00	18,085.00	20.00		
Other Expenses	854.00	854.00	263.05	590.95		
Fire Sub Code Official:						
Salaries and Wages	6,000.00	6,020.00	6,011.98	8.02		
Utilities-Other	144,500.00	144,500.00	129,197.57	15,302.43		
Gasoline and Diesel Fuel	65,000.00	78,000.00	65,845.62	12,154.38		
Downtown Revitalization	20,000.00	10,000.00	9,206.41	793.59		

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

BOROUGH OF FANWOOD
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED		CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>						
Communications - Community Assessment:						
Salaries and Wages	\$ 21,714.75	\$ 2,528.75	\$ 2,528.75	\$	\$	\$
Other Expenses	29,142.00	42,157.00	31,715.53	10,441.47		
Cable T.V. Community Access:						
Salaries and Wages	1,806.25	1,806.25	1,806.25			
Other Expenses						
Postage	13,000.00	13,000.00	9,534.45	3,465.55		
Salary Adjustment	25,000.00					
New Jersey Transit - Contractual	53,000.00	53,000.00	43,484.18	9,515.82		
	\$ 6,255,992.90	\$ 6,252,992.90	\$ 6,048,429.74	\$ 240,946.25	\$	\$ 36,383.09
<u>CONTINGENT</u>						
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	\$ 2,000.00	\$ 2,000.00	\$	\$ 2,000.00	\$	\$
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"	\$ 6,257,992.90	\$ 6,254,992.90	\$ 6,048,429.74	\$ 242,946.25	\$	\$ 36,383.09
Prior Year Bills:						
Legal Other Expenses-2012	\$ 5,300.00	\$ 5,300.00	\$ 5,300.00	\$	\$	\$
Statutory Expenditures						
Contribution to:						
Public Employees Retirement System	171,828.00	171,828.00	171,828.00			
Social Security System	168,000.00	171,000.00	170,113.74	886.26		
Defined Contribution Retirement Program	2,250.00	2,250.00	1,109.06	1,140.94		
Public Employees Retirement System-Retroactive	3,823.74	3,823.74	3,823.74			
Police and Firemen's Retirement System of NJ	351,607.00	351,607.00	351,607.00			
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL-WITHIN "CAPS"	\$ 702,808.74	\$ 705,808.74	\$ 703,781.54	\$ 2,027.20	\$	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 6,960,801.64	\$ 6,960,801.64	\$ 6,752,211.28	\$ 244,973.45	\$	\$ 36,383.09

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

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED		CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Plainfield Area Regional Sewerage Authority	\$ 480,072.06	\$ 480,072.06	\$ 480,072.06	\$		\$
Maintenance of Free Public Library (N.J.S.A. 40:54)	363,136.81	363,136.81	360,145.32	2,991.49		
Length of Service Award Program (L.O.S.A.P.)	19,200.00	19,200.00	16,800.00		2,400.00	
Statutory Expenditures:						
Interlocal Agreements:						
Township of Scotch Plains:	2,000.00	2,000.00	2,000.00			
Street Lighting-Other Expenses						
<u>STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES</u>						
Clean Communities Program (N.J.S.A. 40A:4-87 \$11,260.93)		11,260.93	11,260.93			
R.O.I.D Grant	20,000.00	20,000.00	20,000.00			
R.O.I.D Grant-Local Match	4,000.00	4,000.00	4,000.00			
Hazardous Mitigation Grant	125,000.00	125,000.00	125,000.00			
Historic Preservation Commission Grant	20,000.00	20,000.00	20,000.00			
Historic Preservation Fund (N.J.S.A. 40A:4-87 \$5,615.87)	3,096.50	5,615.87	5,615.87			
Drunk Driving Enforcement Fund (N.J.S.A. 40A:4-87 \$1,933.97)	3,096.50	3,096.50	3,096.50			
Municipal Alliance on Alcoholism and Drug Abuse - Local Match	1,933.97	1,933.97	1,933.97			
Body Armor Replacement Fund (N.J.S.A. 40A:4-87 \$1,933.97)	40,000.00	40,000.00	40,000.00			
UC Kids Recreation Trust (N.J.S.A. 40A:4-87 \$40,000.00)	4,400.00	4,400.00	4,400.00			
Click It or Ticket		1,937.50	1,937.50			
Heart Grant Music Series (N.J.S.A. 40A:4-87 \$1,937.50)		500.00	500.00			
Rain Garden Grant 2014 (N.J.S.A. 40A:4-87 \$500.00)		724.00	724.00			
Greening Union County (N.J.S.A. 40A:4-87 \$724.00)		29,000.00	29,000.00			
Matching Funds for Grants	29,000.00		7,060.00	21,940.00		
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	\$ 1,069,905.37	\$ 1,131,877.64	\$ 1,104,546.15	\$ 24,931.49	\$ 2,400.00	\$
<u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$	\$	\$
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	\$ 595,000.00	\$ 595,000.00	\$ 595,000.00	\$	\$	\$
Payment of Bond Anticipation and Capital Notes	23,600.00	23,600.00	23,600.00			
Interest on Bonds	312,079.00	312,079.00	312,078.35			0.65
Interest on Notes	28,500.00	28,500.00	28,347.86			152.14
Loan Repayments for Principal and Interest	40,401.53	40,401.53	40,401.53			
<u>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>	\$ 999,580.53	\$ 999,580.53	\$ 999,427.74	\$	\$ 152.79	\$

BOROUGH OF FANWOOD
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED		CANCELED	OVEREXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
	\$ 84,671.00	\$ 84,671.00	\$ 84,671.00	\$		
	2,254,156.90	2,316,129.17	2,288,644.89	24,931.49	2,552.79	
	\$ 9,214,958.54	\$ 9,276,930.81	\$ 9,040,856.17	\$ 269,904.94	\$ 2,552.79	\$ 36,383.09
	420,000.00	420,000.00	420,000.00			
	\$ 9,634,958.54	\$ 9,696,930.81	\$ 9,460,856.17	\$ 269,904.94	\$ 2,552.79	\$ 36,383.09
REF.	A-2		A-1	A-A-1		A-19
A-3	\$	\$ 9,634,958.54				
A-2		61,972.27				
	\$	9,696,930.81				
A-22			\$ 238,468.77			
A-2			420,000.00			
A-24			250,615.28			
A-19			84,671.00			
A-4			9,056,822.22			
			10,050,577.27			
A-4			589,721.10			
			\$ 9,460,856.17			

DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL

Deferred Charges:
Special Emergency Authorizations - 5 years (40A:4-55)
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"
SUB-TOTAL GENERAL APPROPRIATIONS
RESERVE FOR UNCOLLECTED TAXES
TOTAL GENERAL APPROPRIATIONS

Budget
Appropriation by 40A:4-87

State and Federal Programs
Reserve for Uncollected Taxes
Encumbrances Payable
Deferred Charge: Emergency Appropriation 40A:4-55
Cash Disbursements
Less: Refunds

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

TRUST FUND

"B"

BOROUGH OF FANWOOD

TRUST FUND

BALANCE SHEETS-REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</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	\$ 9.86	\$ 6,849.43
Due Current Fund	B-5	5.39	
		<u>\$ 15.25</u>	<u>\$ 6,849.43</u>
Other Trust Funds:			
Cash	B-1	\$ 744,994.34	\$ 578,785.94
Due County of Union - Community Development Block Grant	B-3	14,300.00	12,577.00
		<u>\$ 759,294.34</u>	<u>\$ 591,362.94</u>
		<u>\$ 759,628.15</u>	<u>\$ 598,530.93</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	\$	\$ 2.68
Reserve for Animal Control Fund Expenditures	B-9	15.25	6,846.75
		<u>\$ 15.25</u>	<u>\$ 6,849.43</u>
Other Trust Funds:			
Due Current Fund	B-5	\$ 23,377.92	\$ 16,072.31
Reserve For:			
Unemployment Compensation Insurance	B-7	231.12	1,743.39
Community Development Block Grant	B-8	6,340.85	4,813.93
Builders Escrow	B-10	87,664.92	109,043.87
Zoning Escrow Trust	B-11	30,597.58	24,226.77
Redevelopers Escrow	B-12	5,896.45	4,526.60
Recreation Trust	B-13	71,987.94	43,174.67
Law Enforcement Trust	B-14	12,943.22	12,846.50
Developers Housing Escrow	B-15	43,217.05	6,062.50
Library Fund	B-16	57,950.33	65,934.27
In Lieu of Construction	B-17	40,489.60	15,192.73
Fanny Wood Trust	B-2	16,614.94	26,697.08
Tax Sale Premiums and Redemptions	B-18	143,317.62	32,086.31
Cell Tower Deposits	B-19	18,639.27	18,498.16
Payroll Deductions	B-20	34,393.43	25,681.59
Police Off-Duty Pay	B-21	37,159.63	35,900.86
PSEG Project	B-22	36,338.00	65,184.00
Miscellaneous Trust Deposits	B-6	92,134.47	83,677.40
		<u>\$ 759,294.34</u>	<u>\$ 591,362.94</u>
		<u>\$ 759,628.15</u>	<u>\$ 598,530.93</u>

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

GENERAL CAPITAL FUND

"C"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</u>
<u>ASSETS</u>			
Cash			
Grants Receivable	C-2	\$ 1,458,564.22	\$ 73,695.72
Due Scotch Plains-Fanwood Board of Education	C-13	186,557.58	475,307.58
Due Current Fund	C-5	6,000.00	6,000.00
NJEIT Loan Proceeds Receivable	C-4	163.21	860.10
Deferred Charges to Future Taxation:	C-17	132,570.00	
Funded	C-6	9,007,433.27	8,275,000.00
Unfunded	C-7	7,323,484.70	7,865,069.20
		<u>\$ 18,114,772.98</u>	<u>\$ 16,695,932.60</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-11	\$ 7,680,000.00	\$ 8,275,000.00
Bond Anticipation Note	C-12	4,870,000.00	1,890,146.00
NJEIT Loan Payable	C-16	1,327,433.27	
Reserve for Retainage	C-15	52,368.90	
Improvement Authorizations-Funded	C-9	512,456.68	391,645.75
Improvement Authorizations-Unfunded	C-9	2,674,834.18	4,005,809.36
Contracts Payable	C-10	835,706.04	1,998,541.94
Capital Improvement Fund	C-8	68,763.50	43,380.14
Reserve for Debt Service	C-14	83,409.12	62,164.12
Fund Balance	C-1	9,801.29	29,245.29
		<u>\$ 18,114,772.98</u>	<u>\$ 16,695,932.60</u>

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

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE-REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2013	C	\$	29,245.29
Increased by:			
Premium on Sale of Notes	C-2		<u>5,556.00</u>
		\$	34,801.29
Decreased by:			
Anticipated as Revenue in 2014 Budget	C-2		<u>25,000.00</u>
Balance, December 31, 2014	C	\$	<u><u>9,801.29</u></u>

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

"F"

BOROUGH OF FANWOOD

GENERAL FIXED ASSET ACCOUNT GROUP

BALANCE SHEETS-REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2014</u>	BALANCE DECEMBER <u>31, 2013</u>
Fixed Assets:		
Buildings	\$ 1,124,600.00	\$ 1,124,600.00
Land	3,614,773.00	3,614,773.00
Machinery and Equipment	<u>4,718,617.40</u>	<u>4,694,835.06</u>
	\$ <u>9,457,990.40</u>	\$ <u>9,434,208.06</u>
Reserve:		
Investments in General Fixed Assets	\$ <u>9,457,990.40</u>	\$ <u>9,434,208.06</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF FANWOOD

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

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

The accounting policies of the Borough of Fanwood conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Fanwood are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account groups:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

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

C. Basis of Accounting

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$1,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

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

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

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

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

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

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

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

The Borough of Fanwood had the following cash and cash equivalents at December 31, 2014:

<u>Fund Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Current Fund	\$ 2,067,259.58	\$ 16,072.31	\$ 14,468.99	\$ 2,068,862.90
Animal Control Trust Fund	9.86			9.86
Trust Other Fund	767,545.60		22,551.26	744,994.34
General Capital Fund	1,461,803.87		55,608.55	1,406,195.32
<u>Total December 31, 2014</u>	<u>\$ 4,296,618.91</u>	<u>\$ 16,072.31</u>	<u>\$ 92,628.80</u>	<u>\$ 4,220,062.42</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, 2014, 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, \$368,492.10 was covered by Federal Depository Insurance and \$3,928,126.81 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, 2014.

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: MUNICIPAL 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, 2014 are detailed on Exhibits "C-11" and "C-12".

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

	<u>YEAR 2014</u>	<u>YEAR 2013</u>	<u>YEAR 2012</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ <u>13,877,433.27</u>	\$ <u>10,165,146.00</u>	\$ <u>10,316,629.00</u>
Net Debt Issued	<u>13,877,433.27</u>	<u>10,165,146.00</u>	<u>10,316,629.00</u>
Less: Cash on Hand to Pay Debt	150,000.00		33,217.80
Less: Accounts Receivable	132,570.00		
Less: Reserve to Pay Bonds	<u>83,409.12</u>	<u>62,164.12</u>	<u>237.25</u>
	\$ <u><u>13,511,454.15</u></u>	\$ <u><u>10,102,981.88</u></u>	\$ <u><u>10,283,173.95</u></u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	2,603,484.70	5,974,923.20	4,551,318.00
Assessment Trust:			
Bonds and Notes	<u>318.56</u>	<u>318.56</u>	<u>318.56</u>
Total Authorized But Not Issued	<u>2,603,803.26</u>	<u>5,975,241.76</u>	<u>4,551,636.56</u>
Net Bonds and Notes Issued and and Authorized But Not Issued	\$ <u><u>16,115,257.41</u></u>	\$ <u><u>16,078,223.64</u></u>	\$ <u><u>14,834,810.51</u></u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF STATUTORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement as amended and indicates a statutory net debt of 1.47%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 1,988,818.62	\$ 1,988,818.62	\$ -0-
General Debt	<u>16,481,236.53</u>	<u>365,979.12</u>	<u>16,115,257.41</u>
	<u>\$ 18,470,055.15</u>	<u>\$ 2,354,797.74</u>	<u>\$ 16,115,257.41</u>

NET DEBT \$16,115,257.41 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$1,093,163,644.00 EQUALS 1.47%.

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

Equalized Valuation Basis* - December 31, 2014	\$1,093,163,664.00
3-1/2 of Equalized Valuation Basis	38,260,728.24
Net Debt	<u>16,115,257.41</u>
Remaining Borrowing Power	<u>\$22,145,470.83</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: MUNICIPAL DEBT (CONTINUED)

LONG-TERM DEBT – ISSUED

General Serial Bonds:

	OUTSTANDING BALANCE DECEMBER <u>31, 2014</u>
\$2,690,000.00 2003 Bonds due in annual remaining installments of \$250,000.00 through December 2016 at an interest rate of 3.500%.	\$ 500,000.00
\$3,200,000.00 2008 Bonds due in annual remaining installments of \$225,000.00 to \$350,000.00 through July 2023 at interest rates between 4.125% and 4.400%.	\$700,000.00
\$4,600,000.00 2013 Bonds due in annual remaining installments of \$120,000.00 to \$240,000.00 through August 2036 at interest rates between 3.750% and 4.500%.	<u>4,480,000.00</u>
	\$ <u><u>7,680,000.00</u></u>
Environmental Infrastructure Loans:	
\$350,000.00 2014 Loan due in annual remaining installments of \$10,000.00 to \$25,000.00 through August 2033 at interest rates between 3.00% and 5.00%.	\$ 335,000.00
\$1,027,255.50 2004 Interest Free Loan due in annual remaining installments of between \$52,233.34 to \$52,233.65 through August 2033	<u>992,433.27</u>
	\$ <u><u>1,327,433.27</u></u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2014, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$2,603,484.70</u>
Assessment Trust Fund	<u>\$ 318.56</u>

BOND ANTICIPATION NOTE

	<u>Interest Rate</u>	<u>Issue and Maturity Dates</u>	<u>Amount</u>
General Capital Fund	0.55%	9/16/14 to 9/15/15	\$3,620,000.00
General Capital Fund	1.25%	2/7/14 to 2/6/15	\$1,250,000.00

SPECIAL EMERGENCY NOTE

Current Fund	4.90%	11/19/14 to 4/9/15	\$83,271.82
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SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2014

<u>YEAR</u>	<u>GENERAL CAPITAL</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2015	\$595,000.00	\$303,325.00	\$898,325.00
2016	605,000.00	281,543.75	886,543.75
2017	465,000.00	259,168.75	724,168.75
2018	470,000.00	241,262.50	711,262.50
2019	470,000.00	222,987.50	692,987.50
2020-2024	2,285,000.00	820,612.50	3,105,612.50
2025-2029	1,110,000.00	494,650.00	1,604,650.00
2030-2034	1,200,000.00	264,900.00	1,464,900.00
2035-2036	480,000.00	32,400.00	512,400.00
	<u>\$7,680,000.00</u>	<u>\$2,920,850.00</u>	<u>\$10,600,850.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR ENVIRONMENTAL INFRASTRUCTURE LOAN DEBT ISSUED AND
OUTSTANDING AS OF DECEMBER 31, 2014

CALENDAR YEAR	TOTAL	TRUST LOAN		FUND LOAN
		PRINCIPAL	INTEREST	PRINCIPAL
2015	\$74,877.10	\$10,000.00	\$12,643.76	\$52,233.34
2016	74,577.10	10,000.00	12,343.76	52,233.34
2017	79,277.10	15,000.00	12,043.76	52,233.34
2018	78,527.10	15,000.00	11,293.76	52,233.34
2019	77,777.10	15,000.00	10,543.76	52,233.34
2020-2024	382,635.50	80,000.00	41,468.80	261,166.70
2025-2029	384,135.50	100,000.00	22,968.80	261,166.70
2030-2033	306,326.95	90,000.00	7,393.78	208,933.17
	<u>\$1,458,133.45</u>	<u>\$335,000.00</u>	<u>\$130,700.18</u>	<u>\$992,433.27</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund Balance at December 31, 2014, which was appropriated and included as anticipated revenue in its own respective fund for the year ending December 31, 2015, was as follows:

Current Fund	<u>\$690,000.00</u>
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NOTE 5: PROPERTY TAXES

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

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

	BALANCE DECEMBER 31, <u>2014</u>	BALANCE DECEMBER 31, <u>2013</u>
Prepaid Taxes	<u>\$123,805.41</u>	<u>\$413,464.85</u>

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

NOTE 6: PENSION PLANS

Plan Descriptions (Continued)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

NOTE 6: PENSION PLANS

Vesting and Benefit Provisions (Continued)

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2014 PERS provides for employee contributions of 6.92% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2014, members contributed at a uniform rate of 10.00% of base salary.

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 \$523,435.00 for 2014, \$596,016.00 for 2013 and \$605,333.22 for 2012.

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 as follows:

	<u>REGIONAL SCHOOL TAX</u>	
	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>
Balance of Tax	\$8,856,778.73	\$8,569,222.73
Deferred	<u>8,943,838.50</u>	<u>8,656,281.50</u>
Tax Payable(Prepaid)	<u><u>(\$87,059.77)</u></u>	<u><u>(\$87,058.77)</u></u>

NOTE 9: TERMINATION BENEFITS

Under existing contracts and policies of the Borough, employees, upon attaining retirement, accumulate benefits which may be taken as time off or paid in a lump sum. The accumulated cost of such unpaid termination compensation is not required to be reported in the financial statements as presented. The Borough has estimated its liability to be \$120,233.02. 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, 2014.

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, 2014, the Borough does not believe that any material liabilities will result from such audits.

The Borough was a plaintiff against a property owner and an engineering firm regarding the environmental cleanup of a property purchased by the Borough within the Redevelopment area. Under the terms of the settlement the Borough received \$100,000.00 from the engineering firm's professional liability policy and \$50,000.00 from the adjacent property owner. In addition, the Borough applied for and received grants from the New Jersey Department of Environmental Protection to pay costs incurred in the cleanup of the property as well as monitoring of the site in the future. These grants total \$349,247.00, which are reflected as budget amendments in the 2015 Borough budget. Part of these funds will be used to pay down Bond Anticipation Notes that were borrowed under bond ordinances to pay for the cleanup. The remainder of the funds will be used for engineering and monitoring costs in the future.

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 is based on actuarial assumption determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough.

NOTE 11: RISK MANAGEMENT (CONTINUED)

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

<u>Year</u>	<u>Borough Contributions and Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 29.24	\$ 5,884.99	\$ 7,426.50	\$ 231.12
2013	31.21	5,002.67	5,544.20	1,743.39
2012	24.04	5,028.52	4,776.43	2,253.71

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2014:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$23,696.48	\$8,643.26
Assessment Trust Fund		318.56
Animal Control Fund	5.39	
Trust Other Fund		23,377.92
General Capital Fund	163.21	
Net Payroll Account	8,474.66	
	<u>\$32,339.74</u>	<u>\$32,339.74</u>

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

NOTE 13: DEFERRED COMPENSATION PLAN

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

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

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

NOTE 14: LENGTH OF SERVICE AWARDS PROGRAM

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

Under this program, each volunteer that performs the minimum amount of service will have an annual amount of \$600.00 deposited into a tax deferred income account that will earn interest for the volunteer. The cost will be budgeted annually in the budget of the Borough and is anticipated to be \$19,200.00 per year. The accompanying financial statements do not include the Borough's Length of Service Awards Program's activities. The Borough's Length of Service Awards Program's financial statements are contained in a separate review report, as required by State regulations.

NOTE 15: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

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

Funding Policy. Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Borough's contributions to SHBP for the years ended December 31, 2014, 2013 and 2012 were \$450,846.63, \$436,067.04 and \$390,218.19 respectively, which equaled the required contributions for each year.

NOTE 16: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown:

	BALANCE DECEMBER 31, 2014	2015 BUDGET APPROPRIATION	BALANCE TO SUCCEEDING YEARS
Current Fund:			
Emergency Appropriations-40A:4-53	\$33,000.00	\$11,000.00	\$22,000.00
Overexpenditure of Appropriations	36,383.09		36,383.09
Emergency Appropriations-40A:4-55	83,271.82	83,271.82	-0-
	<u>\$152,654.91</u>	<u>\$94,271.82</u>	<u>\$58,383.09</u>

NOTE 17: TAX APPEALS

There are several tax appeals filed requesting a reduction of assessments for the year 2014. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Borough has made provision, from tax revenues, in the amount of \$33,697.42 for these appeals in the event that the tax reductions are granted.

NOTE 18: SUBSEQUENT EVENT

The Borough has evaluated subsequent events occurring after the financial statement date through September 15, 2015 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that there are no subsequent events needed to be disclosed.

BOROUGH OF FANWOOD

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2014

BOROUGH OF FANWOODCURRENT FUNDSCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance, December 31, 2013	A	\$ 2,391,218.16
Increased by Receipts:		
Taxes Receivable	A-9	\$ 29,523,242.28
Prepaid Taxes	A-17	117,948.35
Tax Overpayments	A-18	42,270.98
Revenue Accounts Receivable	A-12	2,331,310.91
Miscellaneous Revenue Not Anticipated	A-2	96,971.41
Interfunds Receivable	A-23	407,087.54
Appropriation Reserve Refunds	A-13	7,153.34
Appropriations Refunds	A-3	589,721.10
Grants Receivable	A-5	87,108.23
Grants Unappropriated	A-15	1,356.50
State of New Jersey-Senior Citizens and Veterans Deductions-Chapter 20, P.L.1971	A-8	62,684.25
Petty Cash	A-7	400.00
Sewer Charges	A-29	55,171.61
Emergency Note Payable	A-33	83,271.82
Reserve for Lawsuit	A-34	25,000.00
Reserve for Police Cars	A-37	42,582.50
Maintenance Lien	A-1:A-35	766.38
Due to State of New Jersey:		
State Training Fees	A-25	10,707.00
Marriage License Fees	A-16	475.00
		<u>33,485,229.20</u>
		\$ 35,876,447.36
Decreased by Disbursements:		
Appropriations	A-3	\$ 9,056,822.22
Appropriation Reserves	A-13	300,218.46
County Taxes	A-20	5,754,994.29
Regional School Taxes	A-21	17,600,121.00
Interfunds Payable	A-23	414,442.93
Emergency Note Payable	A-33	400,000.00
Petty Cash	A-7	400.00
Reserve for Tax Appeals	A-28	11,902.85
Refund of Fees and Permits	A-2	100.00
Refund of P.I.L.O.T. Revenue to County	A-2	4,368.72
Refund of Parking Meter Revenue	A-2	7,032.00
Accounts Payable	A-24	3,888.75
Tax Overpayments	A-18	30,408.35
Refund of Prior Year Revenue	A-1	17,300.00
Reserve for Grants Appropriated	A-22	195,618.89
Due to State of New Jersey:		
State Training Fees	A-25	9,541.00
Marriage License Fees	A-16	425.00
		<u>33,807,584.46</u>
Balance, December 31, 2014	A	\$ <u>2,068,862.90</u>

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>2014 ANTICIPATED REVENUE</u>	<u>RECEIVED</u>	<u>CANCELLED</u>	<u>BALANCE DECEMBER 31, 2014</u>
	\$	\$	\$	\$	\$
Hazardous Mitigation Grant		125,000.00	11,260.93		125,000.00
Clean Communities Grant		11,260.93	1,933.97		
Body Armor Replacement Fund	16,672.68	1,933.97	9,617.98		7,054.70
Smart Future Historic Preservation Grant	14,139.89		2,791.00		11,348.89
Union County Kids Recreation Grant	50,000.00				50,000.00
Union County Kids Recreation Grant-11	63,000.00				63,000.00
Union County Kids Recreation Grant		40,000.00		4,247.50	40,000.00
Union County Kids Recreation Grant-14	4,247.50			2,313.75	
Municipal Alliance-10	2,313.75				2,088.56
Municipal Alliance-11	2,088.56				8,448.00
Municipal Alliance-12		20,000.00	11,552.00		20,000.00
R.O.I.D. Grant	20,000.00				
TDR Grant 06		5,615.87	5,615.87		
Drunk Driving Enforcement Fund					
Firefighters Grant	21,500.00				21,500.00
Local Domestic Preparedness Equip Grant		500.00	500.00		
Rahway River Rain Garden	50.00	4,400.00	4,000.00		400.00
Click It or Ticket	937.50	1,937.50	1,937.50	50.00	937.50
Union County Heart Grant	15,000.00		9,052.98		5,947.02
Preserve Union County-Carriage House		20,000.00			20,000.00
Historic Preservation Grant	2,760.50				2,760.50
Sustainable NJ	431.50	724.00			1,155.50
Greening Union County	28,846.00		28,846.00		
PSEG Grant					
	\$	\$	\$	\$	\$
	243,794.49	231,372.27	87,108.23	6,611.25	381,447.28

REF.

A

A-2

A-4

A

"A-6"

BOROUGH OF FANWOOD
CURRENT FUND
SCHEDULE OF CHANGE FUNDS

	<u>REF.</u>	
Balance, December 31, 2014 and December 31, 2013	A	\$ <u>350.00</u>
<u>OFFICE</u>		
Municipal Court		\$ 100.00
Board of Health		50.00
Collector		<u>200.00</u>
		\$ <u>350.00</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, 2013 (Due From)	A	\$	5,579.00
Increased by:			
Senior Citizens and Veterans Deductions:			750.00
Allowed by Collector			<u>67,750.00</u>
Per Tax Billings		\$	<u>74,079.00</u>
Decreased by:			
Senior Citizens and Veterans Deductions:			
Disallowed by Collector:			
2014 Taxes		\$	1,750.00
Audit Adjustment	A-1		4,000.00
Received in Cash From State	A-4		<u>62,684.25</u>
			<u>68,434.25</u>
Balance, December 31, 2014 (Due From)	A	\$	<u><u>5,644.75</u></u>

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

Senior Citizens and Veterans Deductions:			
Per Tax Billings		\$	67,750.00
Allowed by Collector			<u>750.00</u>
		\$	<u>68,500.00</u>
Per Tax Billings	A-9	\$	<u><u>66,750.00</u></u>

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>2014 LEVY</u>	<u>COLLECTIONS BY CASH</u>	<u>2013</u>	<u>2014</u>	<u>TRANSFERRED TO TAX TITLE LIENS</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2014</u>
2013 and Prior	\$ 289,788.76 \$		\$		289,788.76 \$			
2014		29,958,863.75		413,464.85	29,308,522.53	1,047.46	26,970.23	208,858.68
	\$ 289,788.76 \$	29,958,863.75 \$	413,464.85 \$	29,598,311.29 \$		1,047.46 \$	26,970.23 \$	208,858.68
	REF. A		A-2, A-17	A-2		A-10		A

REF.

Collector A-4
Overpayments Applied A-18
State of New Jersey A-8

\$ 29,523,242.28
8,319.01
66,750.00
\$ 29,598,311.29

ANALYSIS OF 2014 PROPERTY TAX LEVY

TAX YIELD
General Purpose Tax
Added and Omitted Tax (54:4-63.1 et.seq.)

\$ 29,910,221.89
48,641.86

TAX LEVY

Regional District School Tax:
Levy (Abstract) A-21
County Tax (Abstract) A-20
Due County for Added Taxes - (54:4-63.1 et.seq.) A-20
Total County Tax 8,703.40
Local Tax for Municipal Purposes (Abstract) A-2
Minimum Library Tax A-2
Add: Additional Taxes Levied

\$ 29,958,863.75

\$ 17,887,677.00

5,746,624.20

6,324,562.55

\$ 29,958,863.75

TOTAL

"A-10"

BOROUGH OF FANWOOD
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2013	A	\$ 19,081.34
Increased by:		
Transfers From Taxes Receivable	A-9	<u>1,047.46</u>
Balance, December 31, 2014	A	\$ <u><u>20,128.80</u></u>

"A-11"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
AT ASSESSED VALUATION

Balance, December 31, 2014 and December 31, 2013	A	\$ <u><u>12,279.00</u></u>
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BOROUGH OF FANWOOD

"A-12"

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Clerk: Licenses: Alcoholic Beverage Other Health Officer: License Fees and Permits Construction Code Official: Fees and Permits Municipal Court: Fines and Costs Police Department: Fees and Permits Zoning Fees and Permits Fire Inspection Fees Interest and Cost on Taxes Parking Meters Interest on Investments Energy Receipts Tax Capital Fund Balance Uniform Fire Safety Act FEMA Reimbursement FEMA Reimbursement T Mobile Rental Fee Bulk Waste Pick Up Verizon TV Cable T.V.-Gross Revenue Franchise Fee Sale of Municipal Assets P.I.L.O.T. Elite Phase I	<u>REF.</u>	BALANCE DECEMBER 31, 2013	\$	ACCRUED IN 2014	COLLECTED	BALANCE DECEMBER 31, 2014
	A-2			7,625.00 \$	7,625.00 \$	
	A-2			3,717.00	3,717.00	
	A-2			7,260.00	7,260.00	
	A-2			620.00	620.00	
	A-2			268,455.00	268,455.00	
	A-2	10,229.81		200,798.24	195,858.89	15,169.16
	A-2			56,933.00	56,933.00	
	A-2			4,570.00	4,570.00	
	A-2			12,980.00	12,980.00	
	A-2			58,705.64	58,705.64	
	A-2			303,077.27	303,077.27	
	A-2			35,021.32	35,021.32	
	A-2			755,288.00	755,288.00	
	A-2			25,000.00	25,000.00	
	A-2			2,455.70	2,455.70	
	A-2			27,575.96	27,575.96	
	A-2			43,047.04	43,047.04	
	A-2			113,836.16	113,836.16	
	A-2			19,695.00	19,695.00	
	A-2			68,140.47	68,140.47	
	A-2			32,668.24	32,668.24	
	A-2			200,000.00	200,000.00	
	A-2			88,781.22	88,781.22	
		\$ 10,229.81 \$		2,336,250.26 \$	2,331,310.91 \$	15,169.16
	<u>REF.</u>	A		A-4		A

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2013	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
SALARIES AND WAGES:				
Administrative and Executive	\$ 461.79	\$ 461.79		\$ 461.79
Office of the Mayor	95.00	95.00		95.00
Financial Administration	284.69	284.69		284.69
Assessment of Taxes	319.33	319.33		319.33
Collection of Taxes	14.32	14.32		14.32
Municipal Prosecutors	398.97	398.97		398.97
Environmental Commission	65.76	65.76		65.76
Police	2,111.32	2,111.32		2,111.32
School Crossing Guards	2,593.36	593.36		593.36
Fire Prevention Bureau	941.63	941.63	720.00	221.63
Road Repair and Maintenance	507.27	507.27		507.27
Board of Health	586.08	586.08		586.08
Sanitation:				
Solid Waste Management Act	129.52	129.52		129.52
Parks and Playgrounds	566.55	566.55		566.55
Electrical Inspector	169.94	169.94		169.94
Construction Official	263.44	263.44		263.44
Plumbing Inspector	157.94	157.94		157.94
Zoning Officer	313.92	313.92		313.92
Fire Sub Code Official	107.30	107.30		107.30
Municipal Court	560.80	560.80		560.80
Building Inspector	577.62	577.62		577.62
Cable TV Community Access	153.68	153.68		153.68
OTHER EXPENSES:				
Administrative and Executive	1,911.65	11,546.27	10,180.98	1,365.29
Office of The Mayor				
Collection of Taxes	379.76	1,434.76	1,240.00	194.76
Financial Administration	6,769.98	2,545.69	2,275.71	269.98
Assessment of Taxes	664.49	664.49		664.49
Legal Services and Costs	4,580.64	30,922.14	25,085.77	5,836.37
Planning Board	515.64	12,872.66	10,915.35	1,957.31
Credit Card Fees	295.15	295.15		295.15
Environmental Commission	945.00	945.00		945.00
Shade Tree Commission	3,470.50	4,827.00	4,826.50	0.50
Insurance:				
Group Insurance	2,236.74	5,739.98	1,014.42	4,725.56
State Unemployment Compensation	4,456.68	4,456.68		4,456.68
Other Insurance Premiums	104.42	8,954.42	8,850.00	104.42
Workmen's Compensation	38.31	5,014.31	4,976.00	38.31
Fire:				
Fire Hydrants	9,375.00	9,375.00	9,375.00	
Miscellaneous	26.15	23,560.99	21,399.35	2,161.64
Fire Prevention Bureau	1,921.15	1,245.05	771.86	473.19
Police	2,771.75	24,141.56	24,141.56	
Dispatchers		40,000.00	40,000.00	
Traffic Signal Maintenance	1,781.00	1,781.00		1,781.00
Sanitation:				
Solid Waste Management Act	16,953.69	31,974.69	24,431.00	7,543.69
Emergency Management Services	1,670.00	670.00		670.00
Road Repair and Maintenance		18,453.03	15,701.72	2,751.31
Street Lighting	13,551.17	21,252.14	17,353.21	3,898.93
Board of Health	167.97	167.97		167.97
Contractual - Town of Westfield				
Snow Removal	2,160.37	15,817.46	12,171.99	3,645.47
New Jersey Public Employees Occupational and Safety Health Act	161.00	293.00	132.00	161.00

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2013	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Historic Preservation Commission	\$ 1,140.93	\$ 1,205.93	\$ 192.92	\$ 1,013.01
Parks and Playgrounds	2,003.00	2,781.59	390.00	2,391.59
Celebration of Public Events	424.01	1,123.09	727.33	395.76
Senior Citizen	2,810.95	2,810.95	1,200.00	1,610.95
Rescue Squad	3,000.00	3,000.00	3,000.00	
Construction Official	1,575.21	938.13	362.92	575.21
Zoning Officer	650.59	650.59		650.59
Utilities- Other	4,814.76	13,195.95	13,142.07	53.88
Gasoline and Diesel Fuel	128.29	5,028.57	4,900.28	128.29
Downtown Revitalization	1,238.06	2,952.79	1,714.73	1,238.06
Community Assessment	1,384.04	1,584.04	544.80	1,039.24
Cable T.V. Community Access	22,674.00	24,139.79	3,465.00	20,674.79
Postage	196.25	252.97	56.72	196.25
N.J. Transit Contractual	7,907.92	12,168.92	11,761.25	407.67
Contingent	1,765.84	1,765.84		1,765.84
Contribution to:				
Social Security System	112.79	8,012.11	7,899.32	112.79
Defined Contribution Retirement Program	871.96	918.59	46.63	871.96
Municipal Court	3,106.53	3,364.07	589.54	2,774.53
Plainfield Area Regional Sewerage Authority	366.78	366.78		366.78
Maintenance of Free Public Library (N.J.S.A. 40:54)	2,104.97	7,734.19	5,509.19	2,225.00
Length of Service Award Program		1,800.00		1,800.00
Street Lighting - Other Expenses		2,000.00	2,000.00	
	<u>\$ 146,565.32</u>	<u>\$ 386,125.56</u>	<u>\$ 293,065.12</u>	<u>\$ 93,060.44</u>
	<u>REF.</u>	<u>A</u>		<u>A-1</u>
Appropriation Reserves	A-13	\$ 146,565.32		
Transferred from Accounts Payable	A-24	<u>239,560.24</u>		
		<u>\$ 386,125.56</u>		
Cash Disbursements	A-4		\$ 300,218.46	
Less: Refunds	A-4		<u>7,153.34</u>	
			<u>\$ 293,065.12</u>	

"A-14"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF
MUNICIPAL ASSETS

	<u>REF.</u>	
Balance, December 31, 2014 and December 31, 2013	A	\$ <u>125.00</u>

"A-15"

SCHEDULE OF RESERVE GRANTS - UNAPPROPRIATED

Balance, December 31, 2013	A	\$ 1.00
Increased by: Receipts	A-4	<u>1,356.50</u>
Balance, December 31, 2014	A	\$ <u>1,357.50</u>

ANALYSIS OF BALANCE

Greening Union County		\$ <u>1,357.50</u>
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"A-16"

BOROUGH OF FANWOOD

CURRENT FUND

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

	<u>REF.</u>		
Increased by:			
Receipts	A-4	\$	475.00
Decreased by:			
Disbursements	A-4		<u>425.00</u>
Balance, December 31, 2014	A	\$	<u><u>50.00</u></u>

"A-17"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2013	A	\$	413,464.85
Increased by:			
Overpayment Applied	A-18	\$	5,857.06
Collection of 2015 Taxes	A-4		<u>117,948.35</u>
			<u>123,805.41</u>
Decreased by:		\$	<u>537,270.26</u>
Applied to Taxes Receivable	A-9		<u>413,464.85</u>
Balance, December 31, 2014	A	\$	<u><u>123,805.41</u></u>

"A-18"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2013	A	\$	38,258.05
Increased by:			
Overpayments in 2014	A-4	\$	<u>42,270.98</u>
			80,529.03
Decreased by:			
Applied to Taxes Receivable	A-9	\$	8,319.01
Applied to Prepaid Taxes	A-17		5,857.06
Refunded	A-4		30,408.35
Cancelled	A-1		<u>12,551.35</u>
			<u>57,135.77</u>
Balance, December 31, 2014	A	\$	<u><u>23,393.26</u></u>

"A-19"

SCHEDULE OF DEFERRED CHARGES

Balance, December 31, 2013	A	\$	200,942.82
Increased by:			
Overexpenditure of Appropriations	A-3	\$	<u>36,383.09</u>
			237,325.91
Decreased by:			
Raised in Budget	A-3		<u>84,671.00</u>
Balance, December 31, 2014	A	\$	<u><u>152,654.91</u></u>

"A-20"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2013	A		\$ 9,985.11
Increased by:			
2014 Levy	A-1:A-9	\$ 5,737,920.80	
Added Taxes - 54:63.1 et.seq.	A-1:A-9	<u>8,703.40</u>	
			\$ <u>5,746,624.20</u>
			\$ <u>5,756,609.31</u>
Decreased by:			
Payments	A-4		<u>5,754,994.29</u>
Balance, December 31, 2014	A		\$ <u><u>1,615.02</u></u>

"A-21"

SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX

Balance, December 31, 2013			
School Tax Deferred		\$ 8,656,281.50	
School Tax Prepaid	A	<u>(87,058.77)</u>	
			\$ 8,569,222.73
Increased by:			
Levy-School Year July 1, 2014 to June 30, 2015	A-9		<u>17,887,677.00</u>
			\$ <u>26,456,899.73</u>
Decreased by:			
Payments in 2014	A-4		<u>17,600,121.00</u>
Balance, December 31, 2014			
School Tax Deferred		\$ 8,943,838.50	
School Tax Prepaid	A	<u>(87,059.77)</u>	
			\$ <u><u>8,856,778.73</u></u>
2014 Liability for Regional School District Tax:			
School Tax Paid 2014			\$ 17,600,121.00
Add: School Tax (Prepaid) December 31, 2013			<u>87,058.77</u>
			\$ <u>17,687,179.77</u>
Add: School Tax (Prepaid) December 31, 2014			<u>87,059.77</u>
	A-1		\$ <u><u>17,600,120.00</u></u>

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

PROGRAM	BALANCE	ACCOUNTS	2014		EXPENDED	CANCELED	BALANCE
	DECEMBER	PAYABLE	APPROPRIATIONS	APPROPRIATIONS			
	31, 2013	TRANSFERRED					31, 2014
	\$ 4,580.44	\$	\$ 5,615.87	\$	6,351.00		3,845.31
	12,009.51		11,260.93		11,927.82		11,342.62
	968.25		125,000.00				125,000.00
	844.05						968.25
	22.00					22.00	844.05
	7,521.00	1,897.96	40,000.00		1,782.33		5,738.67
	92,598.43				1,479.04		133,017.35
	5,404.26					5,404.26	500.00
	6,246.50		500.00				225.19
	2,313.75		3,096.50		3,096.50		2,088.56
	16,581.28		1,933.97		5,208.20		13,307.05
	36,426.20		20,000.00		21,114.05		17,553.77
	860.00		4,956.98		360.00		860.00
	7,662.04	3,166.00	20,000.00		17,801.10		19,640.00
			4,000.00				5,871.06
						6,351.00	2,198.90
	6,351.00				3,800.00		4,000.00
	4,000.00		4,400.00				
	2,117.00					2,117.00	4,400.00
	4,400.00						11,823.17
	44,888.17	342.00			33,607.00		1,376.63
	5,886.20		1,937.50		4,508.57		976.22
					961.28		3,276.00
	8,846.00		724.00		5,570.00		1,441.00
	2,798.50				2,081.50		
	73,595.00				73,595.00		
	\$ 346,919.58	\$ 10,391.19	\$ 238,468.77	\$	200,944.98	\$ 20,140.76	\$ 374,663.80

REF. A A-24 A-3 A

Cash Disbursements
Encumbrances Payable

\$ 195,618.89
5,326.09
200,944.98

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF INTERFUNDS

<u>REF.</u>	<u>TOTAL</u>	<u>ASSESSMENT TRUST FUND</u>	<u>ANIMAL CONTROL TRUST FUND</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>NET PAYROLL ACCOUNT</u>
Balance, December 31, 2013:						
Due From	\$ 16,393.55 \$	318.56 \$	2.68 \$	16,072.31 \$	860.10	8,474.66
Due To	9,334.76					
Cash Receipts	407,087.54		8.07	2,962.25	404,117.22	
Cash Disbursements	414,442.93			9,628.82	404,814.11	
Balance, December 31, 2014:						
Due From	\$ 23,057.44 \$	318.56	\$	22,738.88		
Due To	8,643.26		5.39		163.21	8,474.66
	\$	\$	\$	\$	\$	\$

"A-24"

BOROUGH OF FANWOOD
CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2013	A		\$ 406,993.05
Increased by:			
Federal and State Grants Appropriated	A-22	\$ 5,326.09	
2014 Appropriations	A-3	<u>250,615.28</u>	
			255,941.37
			\$ <u>662,934.42</u>
Decreased by:			
Transferred to Appropriation Reserves	A-13	\$ 239,560.24	
Transferred to Federal and State Grants Appropriated	A-22	10,391.19	
Disbursements	A-4	<u>3,888.75</u>	
			<u>253,840.18</u>
Balance, December 31, 2014	A		\$ <u><u>409,094.24</u></u>

"A-25"

SCHEDULE OF STATE TRAINING FEES -
DUE STATE OF NEW JERSEY

Balance, December 31, 2013	A		\$ 788.54
Increased by:			
Receipts	A-4		10,707.00
			\$ <u>11,495.54</u>
Decreased by:			
Disbursements	A-4		<u>9,541.00</u>
Balance, December 31, 2014	A		\$ <u><u>1,954.54</u></u>

"A-26"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR FIRE FINES AND PENALTIES

REF.

Balance, December 31, 2014 and
December 31, 2013

A

\$ 25.00

"A-27"

SCHEDULE OF BURIAL PERMITS
DUE STATE OF NEW JERSEY

Balance, December 31, 2014 and
December 31, 2013

A

\$ 35.00

"A-28"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX APPEALS

	<u>REF.</u>		
Balance, December 31, 2013	A	\$	20,600.32
Increased by:			<u>25,000.00</u>
Transfers from Current Taxes Receivable	A-2	\$	45,600.32
Decreased by:			<u>11,902.85</u>
Cash Disbursements	A-4		
Balance, December 31, 2014	A	\$	<u><u>33,697.47</u></u>

"A-29"

SCHEDULE OF SEWER CHARGES RECEIVABLE

Balance, December 31, 2013	A	\$	4,980.00
Increased by:			<u>50,392.01</u>
Sewer Charges		\$	55,372.01
Decreased by:			<u>55,171.61</u>
Cash Receipts	A-2:A-4		
Balance, December 31, 2014	A	\$	<u><u>200.40</u></u>

"A-30"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR LIBRARY

REF.

Balance, December 31, 2014 and
December 31, 2013

A

\$ 4,905.76

"A-31"

SCHEDULE OF RESERVE FOR SNOW REMOVAL

Balance, December 31, 2014 and
December 31, 2013

A

\$ 25,000.00

"A-32"

SCHEDULE OF RESERVE FOR SALARY INCREASES

Balance, December 31, 2014 and
December 31, 2013

A

\$ 5,000.00

"A-33"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF EMERGENCY NOTE PAYABLE

	<u>REF.</u>	
Balance, December 31, 2013	A	\$ 400,000.00
Increased by:		
Cash Receipts	A-4	\$ <u>83,271.82</u>
		\$ 483,271.82
Decreased by:		
Cash Disbursements	A-4	<u>400,000.00</u>
Balance, December 31, 2014	A	\$ <u><u>83,271.82</u></u>

"A-34"

SCHEDULE OF RESERVE TO PAY EMERGENCY NOTE

Balance, December 31, 2014 and December 31, 2013	A	\$ <u><u>42,282.69</u></u>
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"A-35"

SCHEDULE OF MAINTENANCE LIENS

Balance, December 31, 2013	A	\$ <u>766.38</u>
Decreased by:		
Cash Receipts	A-4	\$ <u><u>766.38</u></u>

"A-36"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR LAWSUIT

	<u>REF.</u>	
Increased by:		
Cash Receipts	A-4	\$ <u>25,000.00</u>
Balance, December 31, 2014	A	\$ <u><u>25,000.00</u></u>

"A-37"

SCHEDULE OF RESERVE POLICE CARS

Increased by:		
Cash Receipts	A-4	\$ <u>42,582.50</u>
Balance, December 31, 2014	A	\$ <u><u>42,582.50</u></u>

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2013	B	\$ <u>6,849.43</u>	\$ <u>578,785.94</u>
Increased by:			
Animal Control Fees	B-9	\$ 5,406.80	
Community Development Block Grant	B-3		12,030.00
Due Current Fund	B-5	46.31	8,950.19
Cell Tower Deposits	B-19		141.11
Miscellaneous Trust Deposits	B-6		38,907.91
Unemployment Compensation Insurance	B-7		5,914.23
Builders Escrow	B-10		84,901.60
Redevelopment Escrow	B-12		15,868.94
Tax Sale Premiums	B-18		357,900.68
Zoning Escrow	B-11		40,583.30
Recreation Commission	B-13		154,663.80
Law Enforcement Trust Fund	B-14		96.72
Developers Housing Escrow	B-15		44,221.55
Police Off-Duty Pay	B-21		403,405.59
Payroll Deductions	B-20		1,866,120.55
Library	B-16		20,623.17
In Lieu of Construction	B-17		25,296.87
Fanny Wood Trust	B-2		9,202.84
		\$ <u>5,453.11</u>	\$ <u>3,088,829.05</u>
		\$ <u>12,302.54</u>	\$ <u>3,667,614.99</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-9	\$ 12,238.30	
Due Current Fund	B-5	54.38	1,644.58
Miscellaneous Trust Deposits	B-6		30,450.84
Unemployment Compensation Insurance	B-7		7,426.50
Community Development Block Grant Fund	B-8		12,226.08
Builders Escrow	B-10		106,280.55
Tax Sale Premiums	B-18		246,669.37
Zoning Escrow	B-11		34,212.49
Redevelopment Escrow	B-12		14,499.09
Recreation Commission	B-13		125,850.53
Developers Housing Escrow(COAH)	B-15		7,067.00
Police Off-Duty Pay	B-21		402,146.82
Payroll Deductions	B-20		1,857,408.71
PSEG Deposits	B-22		28,846.00
Library Fund	B-16		28,607.11
Fanny Wood Trust	B-2		19,284.98
		\$ <u>12,292.68</u>	\$ <u>2,922,620.65</u>
Balance, December 31, 2014	B	\$ <u>9.86</u>	\$ <u>744,994.34</u>

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR FANNYWOOD TRUST

	<u>REF.</u>	
Balance, December 31, 2013	B	\$ 26,697.08
Increased by:		
Cash Receipts	B-1	9,202.84
		<u>\$ 35,899.92</u>
Decreased by:		
Cash Disbursement	B-1	19,284.98
Balance, December 31, 2014	B	<u><u>\$ 16,614.94</u></u>

BOROUGH OF FANWOOD

TRUST FUND

ANALYSIS OF ASSESSMENT CASH

	BALANCE DECEMBER 31, 2014
Cash Deficit	\$ (318.56)
Due Current Fund	<u>318.56</u>
	\$ <u><u>-0-</u></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, 2013 (Due To)	B	\$ 318.56	\$ 2.68	\$ 16,072.31
Cash Receipts	B-1		46.31	8,950.19
Cash Disbursements	B-1	<u> </u>	<u>54.38</u>	<u>1,644.58</u>
Balance, December 31, 2014 (Due From)	B		\$ <u>5.39</u>	
(Due To)	B	\$ <u>318.56</u>		\$ <u>23,377.92</u>

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS TRUST DEPOSITS

	<u>REF.</u>	
Balance, December 31, 2013	B	\$ 83,677.40
Increased by:		
Cash Receipts	B-1	<u>38,907.91</u>
		\$ <u>122,585.31</u>
Decreased by:		
Cash Disbursements	B-1	<u>30,450.84</u>
Balance, December 31, 2014	B	\$ <u><u>92,134.47</u></u>

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

"B-7"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR UNEMPLOYMENT
COMPENSATION INSURANCE

	<u>REF.</u>	
Balance, December 31, 2013	B	\$ 1,743.39
Increased by:		
Receipts	B-1	\$ <u>5,914.23</u> <u>7,657.62</u>
Decreased by:		
Disbursements	B-1	<u>7,426.50</u>
Balance, December 31, 2014	B	\$ <u><u>231.12</u></u>

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT

<u>PROGRAM</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>DUE FROM</u> <u>COUNTY OF UNION-</u> <u>COMMUNITY</u> <u>DEVELOPMENT</u> <u>BLOCK GRANTS</u>	<u>DECREASED</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
Handyman Program	\$ 277.00 \$		277.00 \$	
Enhanced Senior Bus Service	3,235.50		3,235.50	
Senior Citizen Program	661.43		661.43	
Handyman Program	640.00		640.00	
Enhanced Senior Bus Service		8,700.00	4,464.50	4,235.50
Senior Citizen Program		3,600.00	3,184.65	415.35
Handyman Program		2,000.00	310.00	1,690.00
	<u>\$ 4,813.93 \$</u>	<u>14,300.00 \$</u>	<u>12,773.08 \$</u>	<u>6,340.85</u>
	B	B-3		B

REF.

B-1
B-3

Cash Disbursements
Cancelled

\$ 12,226.08
547.00
\$ 12,773.08

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2013	B		\$ 6,846.75
Increased by:			
Dog License Fees		\$ 4,463.80	
Cat License Fees		943.00	
	B-1	<u>5,406.80</u>	\$ <u>12,253.55</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11:			
Cash Disbursements	B-1		<u>12,238.30</u>
Balance, December 31, 2014	B		\$ <u><u>15.25</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2013	\$ 5,862.80
2012	<u>5,341.61</u>
	\$ <u><u>11,204.41</u></u>

"B-10"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR BUILDERS ESCROW

	<u>REF.</u>	
Balance, December 31, 2013	B	\$ 109,043.87
Increased by:		
Cash Receipts	B-1	<u>84,901.60</u>
		\$ 193,945.47
Decreased by:		
Cash Disbursements	B-1	<u>106,280.55</u>
Balance, December 31, 2014	B	\$ <u><u>87,664.92</u></u>

"B-11"

SCHEDULE OF RESERVE FOR ZONING ESCROW

Balance, December 31, 2013	B	\$ 24,226.77
Increased by:		
Cash Receipts	B-1	<u>40,583.30</u>
		\$ 64,810.07
Decreased by:		
Cash Disbursements	B-1	<u>34,212.49</u>
Balance, December 31, 2014	B	\$ <u><u>30,597.58</u></u>

"B-12"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR REDEVELOPMENT ESCROW

	<u>REF.</u>		
Balance, December 31, 2013	B	\$	4,526.60
Increased by:			
Cash Receipts	B-1	\$	<u>15,868.94</u>
			20,395.54
Decreased by:			
Cash Disbursements	B-1		<u>14,499.09</u>
Balance, December 31, 2014	B	\$	<u><u>5,896.45</u></u>

"B-13"

SCHEDULE OF RESERVE FOR RECREATION COMMISSION

Balance, December 31, 2013	B	\$	43,174.67
Increased by:			
Cash Receipts	B-1	\$	<u>154,663.80</u>
			197,838.47
Decreased by:			
Cash Disbursements	B-1		<u>125,850.53</u>
Balance, December 31, 2014	B	\$	<u><u>71,987.94</u></u>

"B-14"

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUNDS

Balance, December 31, 2013	B	\$	12,846.50
Increased by:			
Cash Receipts	B-1		<u>96.72</u>
Balance, December 31, 2014	B	\$	<u><u>12,943.22</u></u>

"B-15"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR DEVELOPERS HOUSING ESCROW(COAH)

	<u>REF.</u>	
Balance, December 31, 2013	B	\$ 6,062.50
Increased by:		
Cash Receipts	B-1	<u>44,221.55</u>
		\$ 50,284.05
Decreased by:		
Cash Disbursements	B-1	<u>7,067.00</u>
Balance, December 31, 2014	B	\$ <u><u>43,217.05</u></u>

"B-16"

SCHEDULE OF RESERVE FOR LIBRARY

Balance, December 31, 2013	B	\$ 65,934.27
Increased by:		
Cash Receipts	B-1	<u>20,623.17</u>
		\$ 86,557.44
Decreased by:		
Cash Disbursements	B-1	<u>28,607.11</u>
Balance, December 31, 2014	B	\$ <u><u>57,950.33</u></u>

"B-17"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR IN LIEU OF CONSTRUCTION

	<u>REF.</u>		
Balance, December 31, 2013	B	\$	15,192.73
Increased by:			
Cash Receipts	B-1		<u>25,296.87</u>
Balance, December 31, 2014	B	\$	<u><u>40,489.60</u></u>

"B-18"

SCHEDULE OF TAX SALE PREMIUMS AND REDEMPTIONS

Balance, December 31, 2013	B	\$	32,086.31
Increased by:			
Cash Receipts	B-1		<u>357,900.68</u>
		\$	<u>389,986.99</u>
Decreased by:			
Cash Disbursements	B-1		<u>246,669.37</u>
Balance, December 31, 2014	B	\$	<u><u>143,317.62</u></u>

"B-19"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR CELL TOWER DEPOSITS

	<u>REF.</u>		
Balance, December 31, 2013	B	\$	18,498.16
Increased by:			
Cash Receipts	B-1		<u>141.11</u>
Balance, December 31, 2014	B	\$	<u><u>18,639.27</u></u>

"B-20"

SCHEDULE OF PAYROLL DEDUCTIONS

Balance, December 31, 2013	B	\$	25,681.59
Increased by:			
Cash Receipts	B-1		<u>1,866,120.55</u>
Decreased by:		\$	<u>1,891,802.14</u>
Cash Disbursements	B-1		<u>1,857,408.71</u>
Balance, December 31, 2014	B	\$	<u><u>34,393.43</u></u>

"B-21"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR POLICE OFF-DUTY PAY

	<u>REF.</u>		
Balance, December 31, 2013	B	\$	35,900.86
Increased by:			
Cash Receipts	B-1		403,405.59
		\$	<u>439,306.45</u>
Decreased by:			
Cash Disbursements	B-1		<u>402,146.82</u>
Balance, December 31, 2014	B	\$	<u><u>37,159.63</u></u>

"B-22"

SCHEDULE OF FOR PSEG PROGRAM

Balance, December 31, 2013	B	\$	65,184.00
Decreased by:			
Cash Disbursements	B-1		<u>28,846.00</u>
Balance, December 31, 2014	B	\$	<u><u>36,338.00</u></u>

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2013	C		\$ 73,695.72
Increased by Receipts:			
Capital Improvement Fund	C-8	\$ 100,000.00	
Bond Anticipation Note	C-12	4,870,000.00	
Grants Receivable	C-13	288,750.00	
NJEIT Loan Proceeds Receivable	C-17	1,237,104.00	
Due Current Fund	C-4	58,514.10	
Premium on Sale of Notes	C-1	5,556.00	
Reserve for Debt Service	C-14	21,245.00	
Retainage	C-15	<u>52,368.90</u>	
			6,633,538.00
			<u>\$ 6,707,233.72</u>
Decreased by Disbursements:			
Bond Anticipation Note	C-12	\$ 1,866,546.00	
Capital Improvement Fund	C-8	17,616.64	
Contracts Payable	C-10	3,281,689.65	
Fund Balance Anticipated as Revenue	C-1	25,000.00	
Due Current Fund	C-4	<u>57,817.21</u>	
			<u>5,248,669.50</u>
Balance, December 31, 2014	C		<u>\$ 1,458,564.22</u>

"C-3"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH

	BALANCE DECEMBER 31, 2014
Capital Fund Balance	\$ 9,801.29
Contracts Payable	835,706.04
Capital Improvement Fund	68,763.50
Improvement Authorizations Funded Set Forth on "C-9"	512,456.68
Improvement Authorizations Expended Set Forth on "C-7"	(294,417.69)
Unexpended Proceeds of Bond Anticipation Notes Set Forth on "C-7"	365,767.17
Cash on Hand - Ordinance 04-09, 01-07/02-10 Set Forth on "C-7"	150,000.00
State Aid Receivable	(186,557.58)
Reserve to Pay Bonds	83,409.12
Retainage	52,368.90
Due from Scotch Plains - Fanwood Board of Education	(6,000.00)
NJEIT Proceeds Receivable	(132,570.00)
Due Current	(163.21)
	<u>\$ 1,458,564.22</u>
<u>REF.</u>	C

"C-4"

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2013 (Due From)	C	\$ 860.10
Increased by:		
Cash Disbursements	C-2	\$ <u>57,817.21</u>
		\$ <u>58,677.31</u>
Decreased by:		
Cash Receipts	C-2	<u>58,514.10</u>
Balance, December 31, 2014 (Due From)	C	\$ <u><u>163.21</u></u>

"C-5"

SCHEDULE OF DUE FROM SCOTCH PLAINS - FANWOOD BOARD OF EDUCATION

Balance, December 31, 2014 and December 31, 2013	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, 2013	C	\$	8,275,000.00
Increased by:			
NJEIT Loan Payable	C-16		<u>1,362,255.50</u>
			9,637,255.50
Decreased by:			
Bonds Paid by Budget	C-11	\$	595,000.00
Loan Paid by Budget	C-16		<u>34,822.23</u>
			<u>629,822.23</u>
Balance, December 31, 2014	C	\$	<u><u>9,007,433.27</u></u>

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ANALYSIS OF BALANCE DECEMBER 31, 2014</u>			
		<u>BALANCE DECEMBER 31, 2014</u>	<u>NOTES</u>	<u>EXPENDITURES</u>	<u>UNEXPENDED IMPROVEMENT AUTHORIZATIONS</u>
01-07/02-10	Various Capital Improvements	\$ 84.00	\$	\$ 84.00	\$
04-09	Various Park Improvements	112.20		112.20	
05-12/05-16	Various General Improvements	316.00		35.67	280.33
06-13/06-10	Various Capital Improvements				
07-11/09-09	Various Capital Improvements	221,963.00			221,963.00
10-04	Various Capital Improvements	889,625.00	570,000.00		319,625.00
11-08	Various Capital Improvements	1,128,915.00	875,000.00		253,915.00
12-07	Drainage Improvements	854,819.50			854,819.50
12-11	Various Capital Improvements	1,425,000.00	1,425,000.00		
13-08-S	Site Remediation	350,000.00	350,000.00	14,539.96	255,460.04
13-12-S	Various Capital Improvements	1,520,000.00	1,250,000.00	279,645.86	403,004.14
14-06	Various Capital Improvements	932,650.00	250,000.00		
		<u>\$ 7,323,484.70</u>	<u>\$ 4,720,000.00</u>	<u>\$ 294,417.69</u>	<u>\$ 2,309,067.01</u>
<u>REF.</u>		C		C-3	
	Unexpended Improvement Authorizations-Unfunded			\$	2,674,834.18
	Less: Unexpended Proceeds of Bond Anticipation Notes				365,767.17
	Bond Anticipation Notes Payable	\$	4,870,000.00		
	Less: Cash on Hand-Ordinance 04-09, 01-07/02-10		150,000.00		
		\$	4,720,000.00		2,309,067.01

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2013	C	\$	43,380.14
Increased by:			
2014 Appropriations	C-2	\$	<u>100,000.00</u>
			143,380.14
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-9	\$	50,000.00
Contracts Payable	C-10		7,000.00
Disbursements	C-2		<u>17,616.64</u>
			<u>74,616.64</u>
Balance, December 31, 2014	C	\$	<u><u>68,763.50</u></u>

"C-10"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance December 31, 2013	C		\$ 1,998,541.94
Increased by:			
Contracts Issued-Improvement Authorizations	C-9	\$ 2,111,853.75	
Contracts Issued-Preliminary Costs	C-8	<u>7,000.00</u>	
			\$ <u>2,118,853.75</u>
			\$ 4,117,395.69
Decreased by:			
Cash Disbursements	C-2		<u>3,281,689.65</u>
Balance December 31, 2014	C		\$ <u><u>835,706.04</u></u>

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<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, 2013</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2014</u>
						\$ 592,115.00	\$ 570,000.00	\$ 592,115.00	\$ 570,000.00
10-04	Various Capital Improvements	09/29/10	09/18/13	09/17/14	1.25%				
10-04	Various Capital Improvements	09/29/10	09/16/14	09/15/15	0.55%		570,000.00		570,000.00
11-08	Various Capital Improvements	04/17/12	09/18/13	09/17/14	1.25%	875,000.00		875,000.00	875,000.00
11-08	Various Capital Improvements	04/17/12	09/16/14	09/15/15	0.55%		875,000.00		
12-11	Various Capital Improvements	09/18/13	09/18/13	09/17/14	1.25%	423,031.00		423,031.00	675,000.00
12-11	Various Capital Improvements	09/18/13	09/16/14	09/15/15	0.55%		675,000.00		750,000.00
12-11	Various Capital Improvements	02/07/14	02/07/14	02/06/15	1.25%		750,000.00		250,000.00
13-08	Various Capital Improvements	09/16/14	09/16/14	09/15/15	0.55%		250,000.00		250,000.00
13-08	Various Capital Improvements	02/07/14	02/07/14	02/06/15	1.25%		250,000.00		1,000,000.00
13-12	Various Capital Improvements	09/16/14	09/16/14	09/15/15	0.55%		1,000,000.00		250,000.00
13-12	Various Capital Improvements	02/07/14	02/07/14	02/06/15	1.25%		250,000.00		250,000.00
14-06	Various Capital Improvements	09/16/14	09/16/14	09/15/15	0.55%		250,000.00		4,870,000.00
						\$ 1,890,146.00	\$ 4,870,000.00	\$ 1,890,146.00	\$ 4,870,000.00

C-C-7

C-2

C

REF.

C-2

Cash Disbursements
Notes Paid by Budget

\$ 1,866,546.00
23,600.00
\$ 1,890,146.00

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2013	C	\$ 475,307.58
Decreased by:		
Cash Receipts	C-2	<u>288,750.00</u>
Balance, December 31, 2014	C	\$ <u><u>186,557.58</u></u>

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE TO DEBT SERVICE

	<u>REF.</u>		
Balance, December 31, 2013	C	\$	62,164.12
Increased by:			
Cash Receipts	C-2		<u>21,245.00</u>
Balance, December 31, 2014	C	\$	<u><u>83,409.12</u></u>

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR RETAINAGE

	<u>REF.</u>	
Increased by:		
Cash Receipts	C-2	\$ <u>52,368.90</u>
Balance, December 31, 2014	C	\$ <u><u>52,368.90</u></u>

"C-16"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF NJEIT LOAN PAYABLE

	<u>REF.</u>		
Increased by:			
Loan	C-6	\$	1,362,255.50
Decreased by:			
Loan Paid by Budget	C-6		<u>34,822.23</u>
Balance, December 31, 2014	C	\$	<u><u>1,327,433.27</u></u>

"C-17"

SCHEDULE OF NJEIT LOAN PROCEEDS RECEIVABLE

Increased by:			
New Loan Receivable		\$	1,387,255.50
Decreased by:			
Cash Receipts	C-2	\$	1,237,104.00
Charge to Improvement Authorizations	C-9		<u>17,581.50</u>
			<u>1,254,685.50</u>
Balance, December 31, 2014	C	\$	<u><u>132,570.00</u></u>

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</u>	
		<u>DECEMBER 31, 2014</u>	
		<u>CAPITAL FUND</u>	<u>TRUST FUND</u>
General Improvements:			
01-07;02-10	Various General Improvements	\$ 84.00	\$
04-09	Various General Improvements	112.20	
05-12/05-16	Various General Improvements	316.00	
07-11/09-09	Various Capital Improvements	221,963.00	
10-04	Various Capital Improvements	319,625.00	
11-08	Various Capital Improvements	253,915.00	
12-07	Drainage Improvements	854,819.50	
13-12-S	Various Capital Improvements	270,000.00	
14-06	Various Capital Improvements	682,650.00	
Local Improvements:			
87-06	Install Curbing on Cray Terrace		<u>318.56</u>
		<u>\$ 2,603,484.70</u>	<u>\$ 318.56</u>
	Assessment Lien	\$	<u>318.56</u>
		\$	<u>318.56</u>

BOROUGH OF FANWOOD

PART II

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAMS AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH U.S. OMB CIRCULAR A -133

SCHEDULES OF EXPENDITURES
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

**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, 2014, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated September 15, 2015. 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 Borough of Fanwood'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. However, we noted other matters involving internal control that we have reported to the Borough of Fanwood in the General Comments and Recommendations of this report.

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 other instances of noncompliance which we discussed in Part III, General Comments and Recommendations section of this 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 Borough of Fanwood's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Fanwood's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

September 15, 2015



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAMS AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH U.S. OMB CIRCULAR A -133**

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

Report on Compliance for Each Major Federal

We have audited the Borough of Fanwood's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Borough of Fanwood's major federal programs for the year ended December 31, 2014. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Fanwood's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough of Fanwood's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough of Fanwood's compliance.

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major Federal Program

In our opinion, the Borough of Fanwood complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

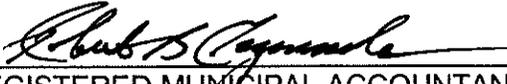
Report on Internal Control Over Compliance

Management of the Borough of Fanwood is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Fanwood's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Fanwood's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

September 15, 2015

SCHEDULE 2

BOROUGH OF FANWOOD

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2014

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD FROM	GRANT PERIOD TO	GRANT AWARD AMOUNT	2014 FUNDS RECEIVED	2014 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2014
DEPARTMENT OF COMMUNITY AFFAIRS							
Handicapped Persons Recreation Opportunity Grant (ROID)	8050-100-022-8050-035-F157-6120	01/01/14	12/31/14	\$ 20,000.00	\$ 11,552.00	\$ 17,801.10	\$ 17,801.10
Smart Future Planning Grant	8049-734-022-8049-001-F000-6120			49,978.00	9,617.98	17,801.10	49,978.00
					<u>21,169.98</u>	<u>17,801.10</u>	<u>107,779.10</u>
DEPARTMENT OF TREASURY							
State Contingency Fund Special Purpose-LaGrande Park Improvements to Carriage House	9420-100-094-9420-047-J999-6130 CDG 07-029	01/01/05 07/01/06	12/31/05 06/30/07	130,000.00 50,000.00	\$ \$	\$ \$	49,155.95 49,155.95
DEPARTMENT OF ENVIRONMENTAL PROTECTION							
Clean Communities Program-Prior Year	4900-765-042-4900		Continuous	12,007.69	\$	\$ 11,927.82	\$ 11,927.82
Clean Communities Program	4900-765-042-4900		Continuous	11,260.93	11,260.93	18,872.43	21,224.01
Recycling Tonnage Grant	4900-752-042-4900		Various	38,777.78	<u>11,260.93</u>	<u>30,800.25</u>	<u>33,151.83</u>
DEPARTMENT OF LAW AND PUBLIC SAFETY							
Drunk Driving Enforcement Fund-Prior	1110-100-066-1110		Various	5,989.59	\$	\$ 4,580.44	\$ 5,989.59
Drunk Driving Enforcement Fund	1110-100-066-1110		Various	5,615.87	5,615.87	1,770.56	1,770.56
Domestic Preparedness Equipment Grant	1020-100-066-1020	01/01/04	12/31/04	21,499.20		5,208.20	21,499.20
Body Armor Replacement Fund-Prior	1020-718-066-1020		Continuous	25,033.10	1,933.97		13,660.02
Body Armor Replacement Fund	1020-718-066-1020		Continuous	1,933.97	<u>7,549.84</u>	<u>11,559.20</u>	<u>42,919.37</u>
					<u>39,980.75</u>	<u>60,160.55</u>	<u>233,006.25</u>

BOROUGH OF FANWOOD

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

YEAR ENDED DECEMBER 31, 2014

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, 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)

<u>Revenues</u>	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 74,623.00	\$ 39,980.75	\$ 43,127.48	\$ 157,731.23
Trust Other Fund	12,030.00			12,030.00
General Capital Fund	<u>1,525,854.00</u>	<u> </u>	<u> </u>	<u>1,525,854.00</u>
	<u>\$ 1,612,507.00</u>	<u>\$ 39,980.75</u>	<u>\$ 43,127.48</u>	<u>\$ 1,695,615.23</u>
<u>Expenditures</u>	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 74,423.00	\$ 60,160.55	\$ 126,593.24	\$ 261,176.79
Trust Other Fund	7,689.15			7,689.15
General Capital Fund	<u>1,525,854.00</u>	<u> </u>	<u> </u>	<u>1,525,854.00</u>
	<u>\$ 1,607,966.15</u>	<u>\$ 60,160.55</u>	<u>\$ 126,593.24</u>	<u>\$ 1,794,719.94</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.

BOROUGH OF FANWOOD
UNION COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| (1) Type of Auditor Report Issued: | Unmodified |
| (2) Internal Control Over Financial Reporting: | |
| (a) Material weakness(es) identified? | No |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) Noncompliance material to the financial statements noted during the audit? | No |

Federal Program(s)

- | | |
|---|------------|
| (1) Internal Control Over Major Federal Programs: | |
| (a) Material weakness(es) identified? | No |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) Type of Auditor's Report issued on compliance for major federal program(s)? | Unmodified |
| (3) Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133 and listed in Section III of this schedule? | No |
| (4) Identification of Major Federal Program(s): | |

<u>Program</u>	<u>C.F.D.A. #</u>
US Department of Environmental Protection-Capitalization Grants for Drinking Water	66.458

- | | |
|---|-----|
| (5) Program Threshold Determination:
Type A Federal Program Threshold > \$300,000.00
Type B Federal Program Threshold <= \$300,000.00 | |
| (6) Auditee qualified as a low-risk auditee under OMB Circular A-133? | Yes |

BOROUGH OF FANWOOD
UNION COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Section I - Summary of Auditor's Results (Continued)

State Program(s)-Not Applicable

Section II - Financial Statement Audit - Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III - Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs - None Reported

State Programs - None Reported

Status of Prior Year Audit Findings - Not Applicable

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PART III

BOROUGH OF FANWOOD

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

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

	<u>YEAR 2014</u>		<u>YEAR 2013</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 642,733.00	1.92%	\$ 232,000.00	0.72%
Miscellaneous From Other Than Local Property				
Tax Levies	2,823,233.16	8.43%	2,864,946.85	8.95%
Collection of Delinquent Taxes and Tax Title Liens	289,788.76	0.87%	295,917.24	0.92%
Collection of Current Tax Levy	<u>29,721,987.38</u>	<u>88.78%</u>	<u>28,626,120.30</u>	<u>89.40%</u>
<u>Total Income</u>	<u>\$ 33,477,742.30</u>	<u>100.00%</u>	<u>\$ 32,018,984.39</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures	\$ 9,310,761.11	28.46%	\$ 8,723,894.17	27.69%
County Taxes	5,746,624.20	17.57%	5,501,262.50	17.46%
Regional High School Taxes	17,600,120.00	53.81%	17,134,362.91	54.38%
Miscellaneous	<u>52,964.89</u>	<u>0.16%</u>	<u>147,655.70</u>	<u>0.47%</u>
<u>Total Expenditures</u>	<u>\$ 32,710,470.20</u>	<u>100.00%</u>	<u>\$ 31,507,175.28</u>	<u>100.00%</u>
Excess in Revenue	\$ 767,272.10		\$ 511,809.11	
Adjustment to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budgets of Succeeding Years	<u>36,383.09</u>		<u> </u>	
Statutory Excess to Fund Balance	\$ 803,655.19		\$ 307,526.12	
Fund Balance, January 1	<u>971,600.44</u>		<u>691,791.33</u>	
	\$ 1,775,255.63		\$ 999,317.45	
Less: Utilization as Anticipated Revenue	<u>642,733.00</u>		<u>232,000.00</u>	
Fund Balance, December 31	<u>\$ 1,132,522.63</u>		<u>\$ 971,600.44</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	<u>13.097</u>	<u>12.672</u>	<u>12.334</u>
Apportionment of Tax Rate:			
Municipal	2.592	2.523	2.456
Municipal Library	0.159	0.161	0.166
County	2.513	2.405	2.290
Local School	7.833	7.583	7.422

ASSESSED VALUATIONS

2014	<u>\$228,374,604.00</u>		
2013		<u>\$228,324,588.00</u>	
2012			<u>\$228,470,715.00</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>
2014	\$29,958,863.75	\$29,721,987.38	99.21%
2013	\$28,985,680.05	\$28,626,120.30	98.76%
2012	\$28,228,943.65	\$27,864,235.27	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>
2014	\$20,128.80	\$208,858.68	\$228,987.48	0.76%
2013	\$19,081.34	\$289,788.76	\$308,870.10	1.07%
2012	\$22,761.35	\$291,223.47	\$313,984.82	1.11%

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>
2014	\$12,279.00
2013	\$12,279.00
2012	\$12,279.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2014	\$1,132,522.63	\$690,000.00
2013	\$971,600.44	\$515,433.00
2012	\$691,473.58	\$215,000.00
2011	\$463,135.66	\$215,000.00
2010	\$930,543.54	\$774,934.00

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>
Colleen Mahr	Mayor	*
Russell Huegel	Councilman	*
Jack Molenaar	Councilman	*
Katherine Mitchell	Councilwoman	*
Tom Kranz	Councilman	*
Daniel Levine	Councilman	*
Kevin Boris	Councilman	*
Eleanor McGovern	Borough Clerk/Administrator	**
Frederick J. Tomkins	Chief Financial Officer	**
Patricia Celardo	Assistant Treasurer	**
Colleen Huehn	Tax Collector	**
Michael Ross	Tax Assessor	*
Peter Bodnar	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, 2013, 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
- Leaf and Refuse Disposal
- Landscaping

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:

- Bond Counsel
- Auditor
- Engineering Services
- Attorney
- 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 15, 2013 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 2015 Taxes	25
Payments of 2014 Taxes	25
Delinquent Taxes	25

GENERAL COMMENTS (CONTINUED)

TAX TITLE LIENS

The last tax sale was held on June 24, 2014 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>
2014	2
2013	2
2012	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, and invoices and approval signatures were not always present.

General Ledger

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

Dedication by Rider

Several Miscellaneous Trust Deposits maintained by the Borough do not have Dedications by Rider approved by the State of New Jersey.

RECOMMENDATIONS

*That funds be encumbered prior to ordering of goods and services and all vouchers contain the required support documentation and approvals prior to their payments.

*That the Current Fund General Ledger be accurately maintained.

That written approval from the Director of the Division of Local Government Services be obtained for all funds expended as dedicated revenue

*Prior Year Recommendations