

"B-4"

BOROUGH OF FANWOOD

TRUST FUND

ANALYSIS OF ASSESSMENT CASH

BALANCE
DECEMBER
31, 2011

Cash Deficit \$ (318.56)

Due Current Fund \$ 318.56

REF. 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, 2010 (Due To) (Due To)	B	\$ 318.56	\$ 1,173.16	7,968.90
Cash Receipts	B-1			2,904.37
		\$ <u>318.56</u>	\$ <u>1,173.16</u>	<u>10,873.27</u>
Cash Disbursements	B-1		<u>1,174.39</u>	<u>7,133.40</u>
Balance, December 31, 2011 (Due From)	B		\$ 1.23	
(Due To)	B	\$ <u>318.56</u>	\$ <u>1.23</u>	<u>3,739.87</u>

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS TRUST DEPOSITS

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	68,217.19
Increased by:			
Cash Receipts	B-1	\$	<u>44,846.88</u>
			113,064.07
Decreased by:			
Cash Disbursements	B-1		<u>29,241.73</u>
Balance, December 31, 2011	B	\$	<u><u>83,822.34</u></u>

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

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR UNEMPLOYMENT
COMPENSATION INSURANCE

	<u>REF.</u>	
Balance, December 31, 2010	B	\$ 2,601.16
Increased by:		
Receipts	B-1	<u>4,745.02</u>
		\$ <u>7,346.18</u>
Decreased by:		
Disbursements	B-1	<u>5,368.60</u>
Balance, December 31, 2011	B	\$ <u><u>1,977.58</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, 2010</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, 2011</u>
Enhanced Senior Bus Service	\$ 2,535.54 \$		2,535.54 \$	
Senior Citizen Program	5,853.00		5,853.00	
Handyman Program	1,997.50		1,997.50	
Senior Citizen Walkway		3,500.00		3,500.00
Enhanced Senior Bus Service		10,000.00	4,464.54	5,535.46
Senior Citizen Program		4,711.00	1,311.92	3,399.08
Handyman Program		2,000.00		2,000.00
	<u>\$ 10,386.04 \$</u>	<u>20,211.00 \$</u>	<u>16,162.50 \$</u>	<u>14,434.54</u>

REF.

B

B-3

B

Cash Disbursements
Canceled

B-1
B-3

\$

14,148.75
2,013.75

\$

16,162.50

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	3,711.08
Increased by:			
Dog License Fees		\$	4,858.80
Cat License Fees			1,204.80
Other			<u>75.00</u>
	B-1		<u>6,138.60</u>
		\$	<u>9,849.68</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11:			
Cash Disbursements	B-1		<u>6,413.18</u>
Balance, December 31, 2011	B	\$	<u><u>3,436.50</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>		<u>AMOUNT</u>
2010	\$	6,226.60
2009		<u>6,410.00</u>
	\$	<u><u>12,636.60</u></u>

"B-10"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR BUILDERS ESCROW

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	45,228.44
Increased by:			
Cash Receipts	B-1		<u>10,389.24</u>
		\$	55,617.68
Decreased by:			
Cash Disbursements	B-1		<u>12,956.44</u>
Balance, December 31, 2011	B	\$	<u><u>42,661.24</u></u>

"B-11"

SCHEDULE OF RESERVE FOR ZONING ESCROW

Balance, December 31, 2010	B	\$	25,144.01
Increased by:			
Cash Receipts	B-1		<u>57,108.34</u>
		\$	82,252.35
Decreased by:			
Cash Disbursements	B-1		<u>44,168.50</u>
Balance, December 31, 2011	B	\$	<u><u>38,083.85</u></u>

"B-12"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR REDEVELOPMENT ESCROW

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	9,344.66
Increased by:			
Cash Receipts	B-1	\$	<u>48.29</u>
			9,392.95
Decreased by:			
Cash Disbursements	B-1		<u>4,521.94</u>
Balance, December 31, 2011	B	\$	<u>4,871.01</u>

"B-13"

SCHEDULE OF RESERVE FOR RECREATION COMMISSION

Balance, December 31, 2010	B	\$	53,722.03
Increased by:			
Cash Receipts	B-1	\$	<u>95,174.19</u>
			148,896.22
Decreased by:			
Cash Disbursements	B-1		<u>76,537.29</u>
Balance, December 31, 2011	B	\$	<u>72,358.93</u>

"B-14"

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUNDS

Balance, December 31, 2010	B	\$	22,967.55
Increased by:			
Cash Receipts	B-1	\$	<u>168.76</u>
			23,136.31
Decreased by:			
Cash Disbursements	B-1		<u>491.00</u>
Balance, December 31, 2011	B	\$	<u>22,645.31</u>

"B-15"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR DEVELOPERS HOUSING ESCROW

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	145,968.12
Increased by:			
Cash Receipts	B-1		<u>4,758.49</u>
		\$	<u>150,726.61</u>
Decreased by:			
Cash Disbursements	B-1		<u>17,741.88</u>
Balance, December 31, 2011	B	\$	<u><u>132,984.73</u></u>

"B-16"

SCHEDULE OF RESERVE FOR LIBRARY

Balance, December 31, 2010	B	\$	85,105.26
Increased by:			
Cash Receipts	B-1		<u>62,927.69</u>
		\$	<u>148,032.95</u>
Decreased by:			
Cash Disbursements	B-1		<u>53,055.55</u>
Balance, December 31, 2011	B	\$	<u><u>94,977.40</u></u>

"B-17"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF DUE GENERAL CAPITAL FUND

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	15,000.00
Decreased by:			
Cash Receipts	B-1	\$	<u>15,000.00</u>

"B-18"

SCHEDULE OF TAX SALE PREMIUMS AND REDEMPTIONS

Balance, December 31, 2010	B	\$	84,101.03
Increased by:			
Cash Receipts	B-1	\$	<u>58,038.77</u>
			142,139.80
Decreased by:			
Cash Disbursements	B-1		<u>75,423.94</u>
Balance, December 31, 2011	B	\$	<u>66,715.86</u>

"B-19"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR CELL TOWER DEPOSITS

	<u>REF.</u>	
Balance, December 31, 2011 and December 31, 2010	B	\$ <u>7,875.00</u>

"B-20"

SCHEDULE OF PAYROLL DEDUCTIONS

Balance, December 31, 2010	B	\$ 27,232.05
Increased by:		
Cash Receipts	B-1	<u>1,157,153.38</u>
		\$ <u>1,184,385.43</u>
Decreased by:		
Cash Disbursements	B-1	<u>1,156,070.15</u>
Balance, December 31, 2011	B	\$ <u>28,315.28</u>

"B-21"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR POLICE OFF-DUTY PAY

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	41,504.69
Increased by:			
Cash Receipts	B-1		<u>217,823.21</u>
		\$	<u>259,327.90</u>
Decreased by:			
Cash Disbursements	B-1		<u>240,427.02</u>
Balance, December 31, 2011	B	\$	<u><u>18,900.88</u></u>

"B-22"

SCHEDULE OF RENT DEPOSITS

Balance, December 31, 2011 and December 31, 2010	B	\$	<u><u>320.00</u></u>
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BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2010	C		\$ 2,421,135.63
Increased by Receipts:			
Capital Improvement Fund	C-8	\$ 120,000.00	
Bond Anticipation Note	C-12	4,750,000.00	
Emergency Note	C-16	100,000.00	
Grants Receivable	C-13	406,250.00	
Deferred Charges to Future Taxation - Unfunded		7,500.00	
Receipt on Fully Funded Ordinance	C-1	19,220.00	
Due Current Fund	C-4	<u>1,799,655.87</u>	
			\$ <u>7,202,625.87</u>
			\$ 9,623,761.50
Decreased by Disbursements:			
Bond Anticipation Note	C-12	\$ 4,750,000.00	
Reserve to Pay Notes	C-12:C-15	175,000.00	
Due Trust Other Fund	C-14	15,000.00	
Emergency Note	C-16	100,000.00	
Contracts Payable	C-10	1,598,942.02	
Fund Balance Anticipated as Revenue	C-1	100,000.00	
Due Current Fund	C-4	<u>1,805,546.19</u>	
			\$ <u>8,544,488.21</u>
Balance, December 31, 2011	C		\$ <u><u>1,079,273.29</u></u>

"C-3"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH

BALANCE
DECEMBER
31, 2011

Capital Fund Balance	\$	72,673.85
Contracts Payable		912,925.39
Capital Improvement Fund		83,246.80
Improvement Authorizations Funded Set Forth on "C-9"		76,505.16
Improvement Authorizations Expended Set Forth on "C-7"		(519,460.33)
Unexpended Proceeds of Bond Anticipation Notes		789,685.91
Cash on Hand - Ordinance 04-09		24,640.80
State Aid Receivable		(349,423.61)
Reserve to Pay Notes		237.25
Due from Scotch Plains - Fanwood Board of Education		(6,000.00)
Due Current Fund		<u>(5,757.93)</u>
	\$	<u>1,079,273.29</u>

REF.

C

"C-4"

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2010 (Due To)	C	\$ (132.39)
Increased by:		
Cash Disbursements	C-2	\$ <u>1,805,546.19</u>
		\$ <u>1,805,413.80</u>
Decreased by:		
Cash Receipts	C-2	<u>1,799,655.87</u>
Balance, December 31, 2011 (Due From)	C	\$ <u><u>5,757.93</u></u>

"C-5"

SCHEDULE OF DUE FROM SCOTCH PLAINS - FANWOOD BOARD OF EDUCATION

Balance, December 31, 2011 and December 31, 2010	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, 2010	C	\$	4,970,000.00
Decreased by:			
2011 Budget Appropriation to Pay Bonds	C-11		<u>400,000.00</u>
Balance, December 31, 2011	C	\$	<u><u>4,570,000.00</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>BALANCE DECEMBER 31, 2011</u>	<u>NOTES</u>	<u>ANALYSIS OF BALANCE DECEMBER 31, 2011</u>		<u>UNEXPENDED IMPROVEMENT AUTHORIZATIONS</u>
				<u>EXPENDITURES</u>	<u>UNEXPENDED IMPROVEMENT AUTHORIZATIONS</u>	
01-07/02-10	Various Capital Improvements	\$ 147,674.00	110,802.00	\$ 18,893.60	\$ 17,978.40	
04-09	Various Park Improvements	54,484.20	54,484.20			
05-12/05-16	Various General Improvements	237,400.00	237,400.00			
05-15	Acq. Of Equipment & Reconstruction of Roads	14,100.00	14,100.00			
06-13/06-10	Various Capital Improvements	533,379.00	483,573.00			49,806.00
07-11/09-09	Various Capital Improvements	1,239,848.00	1,000,000.00	123,495.08		239,848.00
07-21/09-11	Acquisition of Property	1,950,000.00	1,825,000.00			1,504.92
07-22	Refunding Bond	100,000.00	100,000.00			
10-04	Various Capital Improvements	1,495,000.00	1,000,000.00	377,071.65		495,000.00
11-08	Various Capital Improvements	1,128,915.00				751,843.35
		<u>\$ 6,900,800.20</u>	<u>\$ 4,825,359.20</u>	<u>\$ 519,460.33</u>	<u>\$ 1,555,980.67</u>	
<u>REF.</u>		C		C-3		
	Unexpended Improvement Authorizations-Unfunded					\$ 2,345,666.58
	Less: Unexpended Proceeds of Bond Anticipation Notes					<u>789,685.91</u>
						\$ 1,555,980.67
	Bond Anticipation Notes Payable	\$ 4,750,000.00				
	Emergency Note Payable	100,000.00				
		<u>\$ 4,850,000.00</u>				
	Less: Cash on Hand-Ordinance 04-09	24,640.80				
		<u>\$ 4,825,359.20</u>				

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2010	C		\$ 68,663.80
Increased by:			
2011 Appropriations	C-2		<u>120,000.00</u>
			\$ <u>188,663.80</u>
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-9	\$ 59,417.00	
Contracts Payable-Preliminary Costs	C-10	<u>46,000.00</u>	
			<u>105,417.00</u>
Balance, December 31, 2011	C		\$ <u><u>83,246.80</u></u>

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2010		2011 AUTHORIZATIONS	PAID OR CHARGED	IMPROVEMENT AUTHORIZATIONS CANCELED	INCREASE	BALANCE DECEMBER 31, 2011	
				FUNDED	UNFUNDED					FUNDED	UNFUNDED
94-05	Various General Improvements	6/8/94	\$ 494,000.00	\$	\$	\$	\$	\$	\$	\$	\$
97-01	Various Improvements to Sanitary Sewer System	3/13/97	110,000.00								
97-02	Various General Improvements	3/13/97	406,080.00								
98-06/99-28	Various General Improvements	4/9/98	485,000.00								
99-06	Various General Improvements	4/5/99	533,500.00	18,498.00						18,498.00	
00-05	Various General Improvements	5/11/00	764,340.00	9,559.53						2,223.26	
01-07	Various Capital Improvements	9/8/74	986,749.00		31,176.20		7,336.27				17,978.40
02-09	Various Capital Improvements	5/20/02	1,182,350.00	24,000.00			13,197.80			24,000.00	
03-09/08-10	Various Capital Improvements	5/13/03	1,339,040.00	135,237.02			108,307.27			26,929.75	
03-11	Acquisition and Installation of Emergency Service Tower	6/10/03	100,000.00	494.50						494.50	
04-09	Various Capital Improvements	7/19/04	767,580.00	69,176.37			26,826.17			42,350.20	
05-12/05-16	Various Capital Improvements	6/14/05	1,575,069.00	148,345.42			54,947.87			93,397.45	
05-22	Lagrange Park Improvements	10/11/05	147,960.00	62,659.50			58,299.85			4,359.65	
06-13/06-10	Various Capital Improvements	5/9/06	1,912,468.00	245,744.11			17,362.74				228,381.37
07-11/09-09	Various Capital Improvements	7/3/07	1,513,000.00	548,555.09			48,243.27				500,312.82
07-21	Acquisition of Property	11/20/07	2,000,000.00	66.92					1,438.00		1,504.92
10-04	Various Capital Improvements	6/7/10	2,050,000.00	368,140.09	1,495,000.00		1,153,242.02				709,868.07
11-08	Various Capital Improvements	6/14/11	1,363,582.00			1,363,582.00	511,738.65				751,843.35
			\$	\$ 618,586.64	\$ 2,538,065.11	\$ 1,363,582.00	\$ 2,099,502.01	\$	\$ 1,438.00	\$ 76,505.16	\$ 2,345,666.58

REF

C-8
C-13

\$ 59,417.00
175,250.00
1,128,915.00

\$ 1,363,582.00

C

C

C

C

C

C

C

C

C

Capital Improvement Fund
Grants Receivable
Deferred Charges Unfunded

C-C-3

C-10

C-10

C

C

C

C

C

C

C

C

C

C-C-7

"C-10"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance December 31, 2010	C		\$ 367,803.40
Increased by:			
Contracts Issued-Improvement Authorizations	C-9	\$ 2,099,502.01	
Contracts Issued-Preliminary Costs	C-8	<u>46,000.00</u>	
			\$ <u>2,145,502.01</u>
			\$ 2,513,305.41
Decreased by:			
Cash Disbursements	C-2	1,598,942.02	
Canceled	C-9	<u>1,438.00</u>	
			<u>1,600,380.02</u>
Balance December 31, 2011	C		\$ <u><u>912,925.39</u></u>

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2011</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2011</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvement Bonds	9/15/01	\$ 1,300,000.00	9/15/12	\$ 120,000.00	4.125%	\$ 360,000.00	\$ 120,000.00	240,000.00
			9/15/13	120,000.00	4.250%			
General Improvement Bonds	12/1/03	2,690,000.00	12/1/12	240,000.00	3.250%	1,460,000.00	230,000.00	1,230,000.00
			12/1/13	240,000.00	3.375%			
			12/1/14-16	250,000.00	3.500%			
General Improvement Bonds	7/15/08	3,200,000.00	7/15/12	50,000.00	4.000%			
			7/15/13	125,000.00	4.000%			
			7/15/14-15	225,000.00	4.125%			
			7/15/16	225,000.00	4.250%			
			7/15/17-20	300,000.00	4.250%			
			7/15/21	350,000.00	4.350%			
7/15/22-23	350,000.00	4.400%						
						<u>\$ 3,150,000.00</u>	<u>50,000.00</u>	<u>3,100,000.00</u>
						<u>\$ 4,970,000.00</u>	<u>400,000.00</u>	<u>4,570,000.00</u>

REF.

C

C-6

C

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>DATE OF ORIGINAL NOTE</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2011</u>
General Improvements:									
01-07/02-10	Various Capital Improvements	10/2/08	9/29/10	1.50%	\$	132,277.00 \$	\$	132,277.00 \$	
01-07/02-10	Various Capital Improvements	10/2/08	9/26/11	1.25%			110,802.00		110,802.00
04-09	Various Capital Improvements	10/2/08	9/29/10	1.50%		94,090.00		94,090.00	
04-09	Various Capital Improvements	10/2/08	9/26/11	1.25%			79,125.00		79,125.00
05-12/05-16	Various Capital Improvements	10/2/08	9/29/10	1.50%		282,314.00		282,314.00	
05-12/05-16	Various Capital Improvements	10/2/08	9/26/11	1.25%			237,400.00		237,400.00
05-15	Acquisition of Equipment and Reconstruction of Roads	8/8/07	9/29/10	1.50%		16,800.00		16,800.00	
05-15	Acquisition of Equipment and Reconstruction of Roads	10/2/08	9/26/11	1.25%			14,100.00		14,100.00
06-13/06-10	Various Capital Improvements	10/2/08	9/29/10	1.50%		574,519.00		574,519.00	
06-13/06-10	Various Capital Improvements	10/2/08	9/26/11	1.25%			483,573.00		483,573.00
07-11/09-09	Various Capital Improvements	9/22/09	9/29/10	1.50%		500,000.00		500,000.00	
07-11/09-09	Various Capital Improvements	9/22/09	9/26/11	1.25%			500,000.00		500,000.00
07-21	Acquisition of Property	5/22/08	2/25/10	1.50%		1,875,000.00		1,875,000.00	
07-21	Acquisition of Property	5/22/08	2/22/11	1.75%			1,825,000.00		1,825,000.00
07-11/09-09	Various Capital Improvements	7/8/10	7/8/10	1.89%		500,000.00		500,000.00	
07-11/09-09	Various Capital Improvements	7/8/10	2/22/11	1.75%			500,000.00		500,000.00
10-04	Various Capital Improvements	7/8/10	7/8/10	1.89%		500,000.00		500,000.00	
10-04	Various Capital Improvements	7/8/10	2/23/11	1.89%			500,000.00		500,000.00
10-04	Various Capital Improvements	9/29/10	9/29/10	1.50%		500,000.00		500,000.00	
10-04	Various Capital Improvements	9/29/10	9/26/11	1.25%			500,000.00		500,000.00
						<u>\$ 4,975,000.00 \$</u>	<u>4,750,000.00 \$</u>	<u>4,975,000.00 \$</u>	<u>4,750,000.00</u>

REF.

Cash Disbursements
Applied by Reserve
Notes Paid by Budget

C-2
C-2-C-15
C-2
C-2-C-7

\$ 4,750,000.00
175,000.00
50,000.00
\$ 4,975,000.00

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 580,423.61
Increased by:		
Grants Authorized	C-9	<u>175,250.00</u>
		\$ <u>755,673.61</u>
Decreased by:		
Cash Receipts	C-2	<u>406,250.00</u>
Balance, December 31, 2011	C	\$ <u><u>349,423.61</u></u>

"C-14"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF DUE TRUST OTHER FUND

	<u>REF.</u>	
Balance, December 31, 2011 and December 2010	C	\$ <u>15,000.00</u>

"C-15"

SCHEDULE OF RESERVE TO PAY NOTES

Balance, December 31, 2010	C	\$ 175,237.25
Decreased by: Payment of Notes	C-2:C-12	<u>175,000.00</u>
Balance, December 31, 2011	C	\$ <u>237.25</u>

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND

SCHEDULE OF EMERGENCY NOTE

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2011</u>
07-22	Refunding Bond Ordinance	1/24/08	1/22/10	2/25/11	1.50%	\$ 175,000.00	\$ 100,000.00	\$ 175,000.00	100,000.00
07-22	Refunding Bond Ordinance	1/24/08	2/22/11	2/21/12	1.75%				
						\$ 175,000.00	\$ 100,000.00	\$ 175,000.00	100,000.00
					<u>REF.</u>	<u>C</u>	<u>C-2</u>		<u>C:C-7</u>
	Cash Disbursements				C-2		\$ 100,000.00		
	Notes Paid by Budget						75,000.00		
							\$ 175,000.00		

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER 31, 2011</u>	
		<u>CAPITAL FUND</u>	<u>TRUST FUND</u>
General Improvements:			
01-07;02-10	Various General Improvements	\$ 36,872.00	\$
06-13/06-10	Various General Improvements	49,806.00	
07-11/09-09	Various Capital Improvements	239,848.00	
07-21	Acquisition of Property	125,000.00	
10-04	Various Capital Improvements	495,000.00	
11-08	Various Capital Improvements	1,128,915.00	
Local Improvements:			
87-06	Install Curbing on Cray Terrace		318.56
		\$ <u>2,075,441.00</u>	\$ <u>318.56</u>
	Assessment Lien		\$ <u>318.56</u>
			\$ <u>318.56</u>

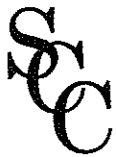
BOROUGH OF FANWOOD

PART II

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

SCHEDULES OF EXPENDITURES FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

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



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the accompanying financial statements - regulatory basis of the Borough of Fanwood, County of Union, New Jersey as of and for the year ended December 31, 2011, and have issued our report thereon dated August 13, 2012. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Fanwood prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY


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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we noted immaterial matters involving internal control that we have reported to the Borough of Fanwood in the General Comments and Recommendations Section of this report.

Compliance and Other Matters

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

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


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

August 13, 2012

BOROUGH OF FANWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2011

<u>PASS THROUGH GRANTOR/ FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANTORS NUMBER</u>	<u>GRANT PERIOD FROM TO</u>	<u>GRANT AWARD AMOUNT</u>	<u>2011 FUNDS RECEIVED</u>	<u>2011 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2011</u>
<u>PASS THROUGH FROM COUNTY OF UNION</u>							
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>							
Community Development Block Grant	14.218	010-428	9/1/10 8/31/11	686.25 \$	386.25 \$	683.75 \$	686.25
Community Development Block Grant	14.218	010-220	9/1/10 8/31/11	5,235.00	5,235.00	5,153.00	5,235.00
Community Development Block Grant	14.218	010-221	9/1/10 8/31/11	6,213.00	5,046.32	2,535.54	6,213.00
Community Development Block Grant	14.218	011-428	9/1/11 8/31/12	2,000.00			
Community Development Block Grant	14.218	011-220	9/1/11 8/31/12	4,711.00		1,311.92	1,311.92
Community Development Block Grant	14.218	011-221	9/1/11 8/31/12	10,000.00		4,464.54	4,464.54
Community Development Block Grant	14.218	011-023	9/1/11 8/31/12	3,500.00			
					<u>10,667.57</u>	<u>14,148.75</u>	<u>17,910.71</u>
<u>PASS THROUGH FROM STATE OF NEW JERSEY</u>							
Over the Limit Under Arrest	20.601			4,400.00			
Click it or Ticket	20.614			4,000.00	3,950.00		
					<u>3,950.00</u>		
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>							
Fire Operations and Firefighter Safety Grant	83-554	EMW-2003-FG-07801	11/15/03 11/14/04	23,800.00			23,800.00
Fire Fighter Grant		EMW-2005-FG-07257		24,653.00			20,270.11
Fire Fighter Equipment Grant				13,262.00			
					<u>14,617.57 \$</u>	<u>14,148.75 \$</u>	<u>61,980.82</u>

BOROUGH OF FANWOOD

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2011

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD FROM	GRANT PERIOD TO	GRANT AWARD AMOUNT	2011 FUNDS RECEIVED	2011 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2011
DEPARTMENT OF COMMUNITY AFFAIRS							
Alcohol Education and Rehabilitation Fund	9735-760-098-6020	1/1/06	Continuous	767.07	\$	\$	578.37
Handicapped Persons Recreation Opportunity Grant (ROID)	8050-100-022-8050-035-F157-6120	12/31/03	12/31/06	5,545.00			5,544.51
Smart Growth Grant	8049-100-022-8049-006-FSMR-6120	2/14/05	6/30/06	50,000.00			50,000.00
Smart Growth Grant-TDR	8049-100-022-8049-006-FSMR-6120	5/1/05	12/14/05	40,000.00			40,000.00
S.H.A.R.E. GRANT-Library Phase I	05-100-022-8030-654-FFFF-6120	7/1/05	4/30/07	46,350.00			46,343.89
S.H.A.R.E. GRANT-Library Phase II	05-100-022-8030-654-FFFF-6120	7/1/05	7/1/07	38,288.00			38,288.00
S.H.A.R.E. GRANT-Storage Facility	05-100-022-8030-658-FFFF-6120	7/1/05	7/1/07	40,000.00			40,000.00
S.H.A.R.E. GRANT-Library Study	8049-734-022-8049-001-F000-6120			149,750.00	2,665.80		146,415.80
Smart Future Planning Grant				50,000.00			49,257.94
Sharing Available Resources				12,727.00			11,281.96
Livable Communities Grant-Local Library Aid	05-100-022-8030-654-FFFF-6120	5/1/05	4/30/07	40,000.00			40,000.00
State of New Jersey Special Legislative Grant	8050-100-022-8050-604-FFFF-6120	1/1/01	12/31/01	100,000.00			100,000.00
					2,665.80		567,690.47
DEPARTMENT OF TREASURY							
State Contingency Fund Special Purpose-LaGrande Park	9420-100-094-9420-047-1999-6130	1/1/05	12/31/05	130,000.00			58,839.66
Clean Energy Program				58,839.66	58,839.66		58,839.66
Improvements to Carriage House	CDG 07-029	7/1/06	6/30/07	50,000.00			48,347.53
					58,839.66		107,187.19
DEPARTMENT OF ENVIRONMENTAL PROTECTION							
Clean Communities Program-Prior Year	4900-765-042-4900		Continuous	10,853.64			6,969.06
Clean Communities Program-Prior Year	4900-765-042-4900		Continuous	10,391.07	10,391.07		
Municipal Stormwater Regulation Program	06-100-042-5850-118			6,351.00			
Municipal Stormwater Regulation Program				2,117.00			
Recycling Tonnage Grant - Prior	4900-752-042-4900		Various	14,611.57			8,508.79
Recycling Tonnage Grant	4900-752-042-4900		Various	26,269.06			
					11,189.22		15,477.85
					21,580.29		
DEPARTMENT OF LAW AND PUBLIC SAFETY							
Drunk Driving Enforcement Fund-Prior	1110-100-066-1110		Various	8,876.61			5,707.62
Drunk Driving Enforcement Fund	1110-100-066-1110		Various	1,648.11		1,925.14	
Domestic Preparedness Equipment Grant	1020-100-066-1020	1/1/04	12/31/04	21,500.00	1,648.11		21,499.20
Emergency Management	1200-100-066-1200-726-YEMR-6120	1/1/04	12/31/04	4,000.00			4,000.00
State/Local All Hazards Emergency Operation Planning Program	1200-100-066-1200-845-YEMR-6120	1/1/04	12/31/04	2,405.72			2,405.72
Body Armor Replacement Fund-Prior	1020-718-066-1020		Continuous	19,176.70			7,021.82
Body Armor Replacement Fund	1020-718-066-1020		Continuous	1,948.53	1,948.53		
					3,596.64		40,634.36

BOROUGH OF FANWOOD

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2011

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2011 FUNDS RECEIVED	2011 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2011
		FROM	TO				
PASS THROUGH COUNTY OF UNION Municipal Alliance Grant	SC-11-ALL-04	1/1/11	12/31/11	\$ 2,313.75		2,123.75	2,123.75
DEPARTMENT OF TRANSPORTATION Sheelan's Crossing Bridge Deck and Ramps Westfield Road Safe Streets to Schools Helen Street, Pleasant Ave, Tower/Midway (Sec. 2) Russell Road Belvidere Ave Watson Road Herbert Ave	02-480-078-6320-AFG-6010 03-480-078-6320-AG5-6010 06-480-078-6300-DDO-7310 05-480-078-6320-AJG-6010 09-480-078-6320-AJ3-6010 09-480-078-6320-AKE-6010 09-480-078-6320-AKE-6010 11-480-078-6320-AK3-6010	Continuous Continuous Continuous Continuous Continuous Continuous Continuous		200,000.00 250,000.00 100,000.00 188,000.00 200,000.00 200,000.00 275,000.00 175,250.00	50,000.00 150,000.00 206,250.00 406,250.00	50,000.00 150,000.00 206,250.00 406,250.00	93,655.42 250,000.00 25,000.00 188,000.00 150,000.00 150,000.00 206,250.00 969,250.00
				\$ 492,932.39	\$ 479,291.31	\$ 1,702,363.62	

BOROUGH OF FANWOOD

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

YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

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

PART III

BOROUGH OF FANWOOD

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATION

YEAR ENDED DECEMBER 31, 2011

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

Revenues

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$	\$ 86,682.39	\$ 9,060.00	\$ 95,742.39
Trust Other Fund	10,877.57			10,877.57
General Capital Fund		<u>406,250.00</u>		<u>406,250.00</u>
	\$ <u>10,877.57</u>	\$ <u>492,932.39</u>	\$ <u>9,060.00</u>	\$ <u>512,869.96</u>

Expenditures

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$	\$ 73,041.31	\$ 43,242.21	\$ 116,283.52
Trust Other Fund	14,050.00			14,050.00
General Capital Fund		<u>406,250.00</u>		<u>406,250.00</u>
	\$ <u>14,050.00</u>	\$ <u>479,291.31</u>	\$ <u>43,242.21</u>	\$ <u>536,583.52</u>

NOTE 5. OTHER

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

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	<u>12.176</u>	<u>12.165</u>	<u>11.528</u>
Apportionment of Tax Rate:			
Municipal	2.447	2.541	2.451
Municipal Library	0.168		
County	2.151	2.054	1.913
Local School	7.410	7.570	7.164

ASSESSED VALUATIONS

2011	<u>\$228,535,474.00</u>		
2010		<u>\$229,072,651.00</u>	
2009			<u>\$228,198,702.00</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</u> <u>COLLECTION</u>	<u>PERCENTAGE OF</u> <u>COLLECTIONS</u>
2011	\$27,875,159.74	\$27,484,912.34	98.60%
2010	\$27,923,757.51	\$27,562,523.21	98.70%
2009	\$26,377,287.54	\$26,096,597.07	98.93%

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

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

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

All Bonds were examined and properly executed.

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

	YEAR 2011		YEAR 2010	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 774,934.00	2.50%	\$ 758,666.00	2.47%
Miscellaneous From Other Than Local Property				
Tax Levies	2,460,809.43	7.93%	2,159,264.86	7.02%
Collection of Delinquent Taxes and Tax Title Liens	320,978.99	1.03%	261,222.28	0.85%
Collection of Current Tax Levy	<u>27,484,912.34</u>	<u>88.54%</u>	<u>27,562,523.21</u>	<u>89.66%</u>
<u>Total Income</u>	<u>\$ 31,041,634.76</u>	<u>100.00%</u>	<u>\$ 30,741,676.35</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures	\$ 8,695,949.85	28.25%	\$ 8,462,855.17	28.14%
County Taxes	4,925,364.81	16.00%	4,716,254.66	15.68%
Regional High School Taxes	17,136,446.30	55.67%	16,843,646.44	56.01%
Miscellaneous	<u>25,700.68</u>	<u>0.08%</u>	<u>52,355.59</u>	<u>0.17%</u>
<u>Total Expenditures</u>	<u>\$ 30,783,461.64</u>	<u>100.00%</u>	<u>\$ 30,075,111.86</u>	<u>100.00%</u>
Excess in Revenue	\$ 258,173.12		\$ 666,564.49	
Adjustment to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budgets of Succeeding Years	<u>49,353.00</u>		<u>100,000.00</u>	
Statutory Excess to Fund Balance	\$ 307,526.12		\$ 611,716.08	
Fund Balance, January 1	<u>930,543.54</u>		<u>922,645.05</u>	
	\$ 1,238,069.66		\$ 1,534,361.13	
Less: Utilization as Anticipated Revenue	<u>774,934.00</u>		<u>758,666.00</u>	
Fund Balance, December 31	<u>\$ 463,135.66</u>		<u>\$ 930,543.54</u>	

COMMENTS AND RECOMMENDATIONS

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>
2011	\$21,429.28	\$329,830.42	\$351,259.70	1.26%
2010	\$20,114.27	\$320,978.99	\$341,093.26	1.22%
2009	\$18,800.45	\$281,222.28	\$300,022.73	1.14%

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>
2011	\$12,279.00
2010	\$12,279.00
2009	\$12,279.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2011	\$463,135.66	\$215,000.00
2010	\$930,543.54	\$774,934.00
2009	\$922,645.05	\$758,666.00
2008	\$1,051,274.40	\$816,505.99
2007	\$879,558.32	\$420,000.00

Current Fund

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GENERAL COMMENTS

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

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

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

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

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

- Road Improvements
- Curb and Sidewalk Improvements
- Lighting
- Park Improvements
- Demolition
- Leaf Disposal
- Fire House Repairs

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid threshold for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6. However it was noted the Library furnishings in an amount in excess of \$17,500.00, were ordered and delivered without advertising for bids or being authorized by resolution of the governing body.

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

- Planning Consultants
- Bond Counsel
- Auditor
- Engineering Services
- Attorney
- 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 11, 2011 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 2012 Taxes	25
Payments of 2011 Taxes	25
Delinquent Taxes	25

GENERAL COMMENTS (CONTINUED)

TAX TITLE LIENS

The last tax sale was held on June 28, 2011 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>
2011	3
2010	3
2009	3

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

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 checks were not always included on the bill list approved by the governing body.

General Ledger

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

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

RECOMMENDATIONS

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

That the Current Fund General Ledger be accurately maintained.

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

That all purchases in excess of the bid threshold be publicly bid and authorized by the governing body.

*Prior Year Recommendation