

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY**

**AUDIT REPORT FOR THE YEAR ENDED
December 31, 2016**

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COUNTY OF MONMOUTH, NEW JERSEY
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COUNTY OF MONMOUTH, NEW JERSEY
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**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH**

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Fair Haven
County of Monmouth
Fair Haven, New Jersey 07704

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Borough of Fair Haven, County of Monmouth, State of New Jersey as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts - regulatory basis for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Borough's basic 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 accounting principles and practices 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 Accounting Principles Generally Accepted in the United States of America

As discussed in Note 1 to the financial statements, the Borough of Fair Haven prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of 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 the State 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 Accounting Principles Generally Accepted in the United States of America

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 Borough of Fair Haven, County of Monmouth, State of New Jersey, as of December 31, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Fund, and represent 43.67% and 44.89% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2016 and 2015.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Borough of Fair Haven, County of Monmouth, State of New Jersey, as of December 31, 2016 and 2015, and the results of its operations and changes in fund balance --regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2016 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated June 16, 2017, on our consideration of the Borough of Fair Haven'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Fair Haven's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
June 16, 2017



HOLMAN | FRENIA
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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***

Honorable Mayor and Members
of the Borough Council
Borough of Fair Haven
County of Monmouth
Fair Haven, New Jersey 07704

We have audited, in accordance with the 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Borough of Fair Haven (herein referred to as "the Municipality"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements, and have issued our report thereon date June 16, 2017. Our report indicates that the Municipality's financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Our report on the financial statements - regulatory basis included a qualified opinion on the financial statements of the Length of Service Award Program Fund ("LOSAP") Trust Fund. As discussed in Note 1 the LOSAP Trust Fund financial statements were not audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Fair Haven, Borough's financial statements as of and for the year ended December 31, 2016. With the exception of the LOSAP Trust Fund our opinion on the financial statements- regulatory basis was unmodified.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality's internal 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 Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality'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* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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 Municipality's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Municipality's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
June 16, 2017

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FINANCIAL STATEMENTS

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CURRENT FUND

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**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND**

**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Current Fund:			
Cash	A-4	\$ 6,880,740.04	\$ 6,513,739.29
Change Fund	A-5	350.00	350.00
Due from State of New Jersey - Senior & Vets	A-6	1,500.00	1,250.00
		<u>6,882,590.04</u>	<u>6,515,339.29</u>
Receivables With Full Reserves:			
Taxes Receivable	A-7	310,269.63	395,935.51
Revenue Accounts Receivable	A-8	110,949.35	3,108.35
Due From:			
Trust Fund - Other Funds	A-10	-	1.22
Payroll Agency Trust Fund	A-25	-	3.30
General Capital Fund	A-9	-	142.09
		<u>421,218.98</u>	<u>399,190.47</u>
Special Emergency Appropriations			
Special Emergency - Revaluation	A	59,600.00	89,400.00
		<u>7,363,409.02</u>	<u>7,003,929.76</u>
Total Current Fund			
State Grant Fund:			
Due From Current Fund	A-11	57,934.80	87,937.52
		<u>57,934.80</u>	<u>87,937.52</u>
Total State Grant Fund			
Total Assets		<u>\$ 7,421,343.82</u>	<u>\$ 7,091,867.28</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3	\$ 608,793.88	\$ 480,424.38
Encumbrances Payable	A-16	309,702.40	281,479.75
Due To:			
Trust Fund - Payroll Fund	A-10	-	340.94
State Grant Fund	A-11	57,934.80	87,937.52
State of New Jersey - Marriage Licenses	A-17	50.00	125.00
Prepaid Taxes	A-18	134,087.63	113,465.57
Tax Overpayments	A-19	14,489.54	37,627.05
Local District School Tax Payable	A-20	3,610,889.97	3,830,644.97
Regional High School Tax Payable	A-21	111,842.45	104,386.16
County Taxes Payable	A-22	27,452.81	-
Reserve for:			
FEMA	A-26	68,181.16	-
Tax Appeals Pending	A-23	18,251.73	25,000.00
Insurance Reimbursements	A	22,600.40	731.88
Outside Liens	A-24	287,995.01	139,813.13
		<u>5,272,271.78</u>	<u>5,101,976.35</u>
Reserve for Receivables and Other Assets	A	421,218.98	399,190.47
Fund Balance	A-1	1,669,918.26	1,502,762.94
		<u>7,363,409.02</u>	<u>7,003,929.76</u>
Total Current Fund			

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

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND**

**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

State Grant Fund:			
Reserve for Grants:			
Appropriated	A-13	32,106.77	74,191.08
Unappropriated	A-14	25,828.03	13,746.44
		<hr/>	<hr/>
Total State Grant Fund		57,934.80	87,937.52
		<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance		\$ 7,421,343.82	\$ 7,091,867.28
		<hr/>	<hr/>

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

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 800,000.00	\$ 800,000.00
Miscellaneous Revenue Anticipated	1,939,065.17	1,276,764.79
Receipts From Delinquent Taxes	324,304.20	357,233.26
Non-Budget Revenues	90,124.68	58,861.31
Receipts From Current Taxes	30,589,219.87	29,486,282.85
Appropriation Reserves Lapsed	446,551.36	400,374.61
Prior Year Accounts Payable Cancelled	-	742.75
Sale of Municipal Assets	-	3,500.00
Grants Receivable Cancelled	-	2,766.56
Prior Year Interfunds Returned	146.61	7,369.10
	<hr/>	<hr/>
Total Revenues	34,189,411.89	32,393,895.23
	<hr/>	<hr/>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	3,090,795.00	3,119,350.00
Other Expenses	3,328,087.55	3,057,499.88
Deferred Charges and Statutory Expenditures	639,180.00	579,696.00
Capital Improvements	104,363.00	239,000.00
Municipal Debt Service	1,626,946.67	855,551.87
Deferred Charges	29,800.00	29,800.00
Local District School Tax	14,293,620.00	13,978,316.00
Regional High School Tax	5,348,448.00	4,982,665.00
County Taxes	4,733,563.54	4,665,907.31
County Share of Added Taxes	27,452.81	23,375.95
Interfunds Advanced	-	146.61
	<hr/>	<hr/>
Total Expenditures	33,222,256.57	31,531,308.62
	<hr/>	<hr/>
Excess in Revenue	967,155.32	862,586.61
	<hr/>	<hr/>
Statutory Excess	967,155.32	862,586.61
	<hr/>	<hr/>
Fund Balance, January 1	1,502,762.94	1,440,176.33
	<hr/>	<hr/>
	2,469,918.26	2,302,762.94
Decreased By:		
Utilization as Anticipated Revenue	800,000.00	800,000.00
	<hr/>	<hr/>
Fund Balance, December 31	<u>\$ 1,669,918.26</u>	<u>\$ 1,502,762.94</u>

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

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF 2016 REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	\$ 800,000.00	\$ 800,000.00	\$ -
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	7,860.00	7,876.00	16.00
Fees and Permits	44,000.00	51,593.00	7,593.00
Fines and Costs:			
Municipal Court	44,000.00	59,970.53	15,970.53
Interest and Costs on Taxes	65,000.00	76,927.69	11,927.69
Interest on Investments and Deposits	20,000.00	35,915.75	15,915.75
Cable Franchise Fees	96,204.20	96,204.20	-
Cell Tower Lease	95,000.00	70,786.31	(24,213.69)
Energy Receipts Tax	454,580.00	454,580.00	-
Uniform Construction Code Fees	230,000.00	299,693.51	69,693.51
Reserve to Pay Bonds & Notes	646,231.03	646,231.03	-
Rumson Various Public Works Shared Service Agreement	120,000.00	116,248.75	(3,751.25)
Recycling Tonnage Grant	6,192.11	6,192.11	-
Clean Communities Program	11,857.25	11,857.25	-
Alcohol Education and Rehabilitation Fund	294.67	294.67	-
NJ Body Armor Grant	1,594.52	1,594.52	-
Uniform Fire Safety Act	3,099.85	3,099.85	-
Total Miscellaneous Revenues	<u>1,845,913.63</u>	<u>1,939,065.17</u>	<u>93,151.54</u>
Receipts From Delinquent Taxes	<u>360,000.00</u>	<u>324,304.20</u>	<u>(35,695.80)</u>
Amount To Be Raised By Taxes for Support of Municipal Budget	<u>6,365,899.62</u>	<u>6,738,764.22</u>	<u>372,864.60</u>
Budget Revenues	<u>9,371,813.25</u>	<u>9,802,133.59</u>	<u>430,320.34</u>
Non-Budget Revenues	<u>-</u>	<u>90,124.68</u>	<u>90,124.68</u>
	<u>\$ 9,371,813.25</u>	<u>\$ 9,892,258.27</u>	<u>\$ 520,445.02</u>
<u>Allocation of Current Tax Revenues</u>			
Allocation of Current Tax Collections:			
Revenue From Collections		\$ 30,589,219.87	
Allocation To School, Open Space and County Taxes		<u>24,403,084.35</u>	
Balance for Support of Municipal Budget Appropriations		6,186,135.52	
Add: Appropriation "Reserve for Uncollected Taxes"		<u>552,628.70</u>	
Amount for Support of Municipal Budget Appropriations		<u>\$ 6,738,764.22</u>	

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

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF 2016 REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Analysis of Non-Budget Revenues

Assessment Search	\$ 5.00
Police Reports	1,114.52
Certified Copies	1,365.00
Certified Property Lists	510.00
Copies	37.59
Reimbursements	250.00
Sale of Assets	39,136.41
Motor Vehicle Inspection Fines	750.00
Storage and Towing Fees	300.00
Recycling	275.00
Engineering Fees	13,713.75
Tax Search Officer	271.60
Field Usage Fee	8,924.10
Return Check Fees	80.40
Administration Fee for Senior Citizens and Veterans	896.81
Miscellaneous	472.00
POD Structure	875.00
Tax Map Revisions	1,650.00
Police Outside Work Administrative Fee	18,697.50
Election Reimbursements	800.00
	<hr/>
	<u>\$ 90,124.68</u>

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

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF 2016 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

General Appropriations Operations - Within "CAPS"	Original Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved	Cancelled
GENERAL GOVERNMENT						
General Administration:						
Salaries and Wages	\$ 192,000.00	\$ 192,000.00	\$ 187,498.00	\$ -	\$ 4,502.00	\$ -
Other Expenses	91,950.00	91,950.00	57,014.92	2,429.23	32,505.85	-
Municipal Clerk:						
Salaries and Wages	71,000.00	72,200.00	72,105.24	-	94.76	-
Other Expenses	15,000.00	15,000.00	6,062.42	501.78	8,435.80	-
Mayor and Council:						
Other Expenses	2,650.00	2,650.00	1,489.67	-	1,160.33	-
Financial Administration (Treasury):						
Salaries and Wages	86,000.00	89,500.00	89,436.86	-	63.14	-
Other Expenses	12,050.00	17,050.00	15,716.99	612.97	720.04	-
Audit Services	35,000.00	35,000.00	32,000.00	1,000.00	2,000.00	-
Revenue Administration (Tax Collection):						
Salaries and Wages	30,000.00	30,000.00	26,573.20	-	3,426.80	-
Other Expenses	6,300.00	7,100.00	6,588.68	511.06	0.26	-
Tax Assessment Administration:						
Salaries and Wages	23,000.00	23,000.00	22,330.08	-	669.92	-
Other Expenses	18,800.00	21,300.00	12,114.40	-	9,185.60	-
Legal Services (Legal Department):						
Other Expenses	70,000.00	75,000.00	65,463.49	2,123.50	7,413.01	-
Engineering Services:						
Salaries and Wages	215,000.00	208,500.00	196,654.69	-	11,845.31	-
Other Expenses	36,000.00	36,000.00	25,996.71	2,821.12	7,182.17	-
Insurance:						
General Liability	69,000.00	69,000.00	68,858.00	-	142.00	-
Workers Compensation	165,000.00	165,000.00	165,000.00	-	-	-
Employee Group Health	904,280.00	927,090.00	926,504.23	-	585.77	-
Health Waivers	35,000.00	36,800.00	36,610.95	-	189.05	-
LAND USE ADMINISTRATION						
Planning Board:						
Salaries and Wages	3,660.00	4,310.00	3,734.42	-	575.58	-
Other Expenses	64,100.00	48,640.00	10,387.73	13,082.63	25,169.64	-
Zoning Board of Adjustment:						
Salaries and Wages	3,660.00	4,260.00	3,730.48	-	529.52	-
Other Expenses	12,775.00	12,775.00	6,694.73	7.26	6,073.01	-
Zoning Officer:						
Salaries and Wages	15,600.00	15,800.00	15,784.44	-	15.56	-
Other Expenses	1,500.00	1,500.00	1,118.15	366.83	15.02	-
PUBLIC SAFETY						
Police Department:						
Salaries and Wages	1,502,000.00	1,507,000.00	1,502,199.71	-	4,800.29	-
Other Expenses	83,850.00	83,850.00	66,091.76	16,760.78	997.46	-
Historic Preservation Committee:						
Other Expenses	200.00	200.00	-	-	200.00	-
Office of Emergency Management:						
Other Expenses	3,700.00	3,700.00	1,487.00	1,840.94	372.06	-
Aid To Volunteer Fire Companies:						
Other Expenses	64,550.00	64,550.00	26,760.72	36,315.50	1,473.78	-
Aid To Volunteer Fire Companies - Police:						
Other Expenses	3,750.00	3,750.00	282.22	3,038.90	428.88	-
First Aid Organization:						
Other Expenses	18,250.00	18,250.00	14,478.38	3,771.62	-	-
Municipal Prosecutor's Office:						
Salaries and Wages	10,200.00	10,200.00	10,157.04	-	42.96	-
Water Rescue:						
Other Expenses	10,194.00	10,194.00	4,898.93	2,900.43	2,394.64	-

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

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF 2016 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

General Appropriations Operations - Within "CAPS"	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
PUBLIC WORKS						
Streets and Road Maintenance:						
Salaries and Wages	393,000.00	393,000.00	312,584.83	-	80,415.17	-
Other Expenses	31,950.00	34,950.00	26,899.05	5,596.41	2,454.54	-
Shade Tree Commission:						
Other Expenses	9,460.00	9,460.00	4,007.50	-	5,452.50	-
Solid Waste Collection						
Salaries and Wages	215,000.00	215,000.00	161,741.79	15,820.14	37,438.07	-
Recycling Program:						
Salaries and Wages	17,500.00	17,500.00	500.00	-	17,000.00	-
Other Expenses	160,500.00	160,500.00	6,114.20	122,181.80	32,204.00	-
Buildings and Grounds:						
Other Expenses	168,500.00	165,500.00	73,303.91	25,186.79	67,009.30	-
Vehicle Maintenance:						
Salaries and Wages	75,000.00	75,000.00	71,736.38	-	3,263.62	-
Other Expenses	54,500.00	59,500.00	49,763.87	7,451.28	2,284.85	-
HEALTH AND WELFARE						
Board of Health:						
Other Expenses	50,320.00	50,320.00	44,688.00	-	5,632.00	-
Environmental Health Services:						
Other Expenses	500.00	500.00	360.00	-	140.00	-
RECREATION AND EDUCATION						
Board of Recreation Commissioners:						
Salaries and Wages	45,000.00	45,000.00	45,000.00	-	-	-
Other Expenses	11,300.00	11,300.00	7,957.35	371.86	2,970.79	-
Maintenance of Parks and Playgrounds:						
Other Expenses	23,950.00	23,950.00	17,038.81	5,036.26	1,874.93	-
Celebration of Public Events:						
Other Expenses	15,000.00	15,000.00	15,000.00	-	-	-
CODE ENFORCEMENT AND ADMINISTRATION						
Code Enforcement:						
Salaries and Wages	13,225.00	19,725.00	19,356.41	-	368.59	-
Other Expenses	1,200.00	1,200.00	35.00	200.00	965.00	-
Municipal Court:						
Salaries and Wages	24,000.00	16,000.00	13,229.04	-	2,770.96	-
UNCLASSIFIED						
Utilities:						
Fire Hydrant Service	70,000.00	70,000.00	68,469.15	-	1,530.85	-
Electricity	30,000.00	36,000.00	31,065.87	-	4,934.13	-
Street Lighting	63,000.00	60,000.00	47,320.92	4,172.21	8,506.87	-
Telephone	61,000.00	55,700.00	50,011.52	938.97	4,749.51	-
Water	15,000.00	12,000.00	8,976.84	449.89	2,573.27	-
Gas (natural or propane)	30,000.00	26,000.00	20,936.46	-	5,063.54	-
Fuel Oil	40,000.00	27,000.00	8,468.85	13,348.76	5,182.39	-
Gasoline	50,000.00	41,700.00	22,396.49	14,603.51	4,700.00	-
Landfill/Solid Waste Disposal Costs	205,000.00	205,000.00	178,932.39	1,750.07	24,317.54	-
Accumulated Sick and Vacation	10,000.00	10,000.00	10,000.00	-	-	-
Snow Removal	1,000.00	1,000.00	1,000.00	-	-	-
Salary and Wage Adjustment	15,000.00	15,000.00	-	-	15,000.00	-
Total Operations - Within "CAPS"	5,775,924.00	5,775,924.00	4,998,718.87	305,192.50	472,012.63	-
Contingent	3,000.00	3,000.00	-	-	3,000.00	-
Total Operations Including Contingent - Within "CAPS"	5,778,924.00	5,778,924.00	4,998,718.87	305,192.50	475,012.63	-
Detail:						
Salaries and Wages	2,959,845.00	2,999,795.00	2,800,963.56	15,820.14	183,011.30	-
Other Expenses (Including Contingent)	2,819,079.00	2,779,129.00	2,197,755.31	305,192.50	292,001.33	-

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

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF 2016 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

General Appropriations Operations - Within "CAPS"	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
STATUTORY EXPENDITURES						
Contribution To:						
Public Employees' Retirement System	140,467.00	140,467.00	140,467.00	-	-	-
Social Security System (O.A.S.I.)	160,000.00	160,000.00	121,448.33	-	38,551.67	-
Consolidated Police and Firemen's Pension Fund	338,713.00	338,713.00	338,713.00	-	-	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	639,180.00	639,180.00	600,628.33	-	38,551.67	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	6,418,104.00	6,418,104.00	5,599,347.20	305,192.50	513,564.30	-
Aid To Library:						
Salaries and Wages	91,000.00	91,000.00	90,524.28	-	475.72	-
Employee Group Health	10,220.00	10,220.00	10,220.00	-	-	-
Stormwater Management	11,000.00	11,000.00	11,000.00	-	-	-
LOSAP	78,000.00	78,000.00	-	-	78,000.00	-
Recycling Tax	10,000.00	10,000.00	7,238.89	1,131.71	1,629.40	-
Total Other Operations - Excluded from "CAPS"	200,220.00	200,220.00	118,983.17	1,131.71	80,105.12	-
Interlocal Municipal Service Agreements:						
County of Monmouth - 911 Dispatch	61,600.00	61,600.00	61,581.40	-	18.60	-
Monmouth County Records Management	3,200.00	3,200.00	-	-	3,200.00	-
Rumson Various Public Works Shared Services	65,000.00	65,000.00	64,075.00	-	925.00	-
Rumson Court Shared Services	65,000.00	65,000.00	57,353.60	-	7,646.40	-
Construction	170,000.00	170,000.00	169,848.00	-	152.00	-
Animal Control	8,000.00	8,000.00	7,477.10	114.44	408.46	-
RFH Custodial ILSA	20,000.00	20,000.00	17,226.00	-	2,774.00	-
RFH Tech ILSA	9,000.00	9,000.00	5,736.25	3,263.75	-	-
Tax Collector ILSA	18,000.00	18,000.00	18,000.00	-	-	-
Total Interlocal Municipal Service Agreements	419,800.00	419,800.00	401,297.35	3,378.19	15,124.46	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Alcohol Education Rehabilitation Enforcement Program	294.67	294.67	294.67	-	-	-
Clean Communities Program	11,857.25	11,857.25	11,857.25	-	-	-
NJ Body Armor Grant	1,594.52	1,594.52	1,594.52	-	-	-
Recycling Tonnage Grant	6,192.11	6,192.11	6,192.11	-	-	-
Total Public and Private Programs Offset By Revenues	19,938.55	19,938.55	19,938.55	-	-	-
Total Operations - Excluded From "CAPS"	639,958.55	639,958.55	540,219.07	4,509.90	95,229.58	-
Detail:						
Salaries and Wages	91,000.00	91,000.00	90,524.28	-	475.72	-
Other Expenses	548,958.55	548,958.55	449,694.79	4,509.90	94,753.86	-
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund	104,363.00	104,363.00	104,363.00	-	-	-
Total Capital Improvements - Excluded From "CAPS"	104,363.00	104,363.00	104,363.00	-	-	-
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	660,000.00	660,000.00	660,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	886,869.00	886,869.00	886,869.00	-	-	-
Interest on Bonds	75,790.00	75,790.00	75,787.52	-	-	2.48
Interest on Notes	4,300.00	4,300.00	4,290.15	-	-	9.85
Total Municipal Debt Service - Excluded From "CAPS"	1,626,959.00	1,626,959.00	1,626,946.67	-	-	12.33

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

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF 2016 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

General Appropriations Operations - Within "CAPS"	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
Deferred Charges - Municipal - Excluded From "CAPS"						
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	<u>29,800.00</u>	<u>29,800.00</u>	<u>29,800.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal - Excluded From "CAPS"	<u>29,800.00</u>	<u>29,800.00</u>	<u>29,800.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	<u>2,401,080.55</u>	<u>2,401,080.55</u>	<u>2,301,328.74</u>	<u>4,509.90</u>	<u>95,229.58</u>	<u>12.33</u>
Subtotal General Appropriations	8,819,184.55	8,819,184.55	7,900,675.94	309,702.40	608,793.88	12.33
Reserve for Uncollected Taxes	<u>552,628.70</u>	<u>552,628.70</u>	<u>552,628.70</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 9,371,813.25</u>	<u>\$ 9,371,813.25</u>	<u>\$ 8,453,304.64</u>	<u>\$ 309,702.40</u>	<u>\$ 608,793.88</u>	<u>\$ 12.33</u>

Analysis of Paid or Charged:

Reserve for Uncollected Taxes	\$ 552,628.70
Cash Disbursed	7,850,937.39
Deferred Charges - Special Emergency	29,800.00
Reserve for State Grants - Appropriated	<u>19,938.55</u>
	<u>\$ 8,453,304.64</u>

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TRUST FUND

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**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND**

**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Animal Control Trust Fund:			
Cash - Treasurer	B-1	\$ 5,510.03	\$ 2,866.28
Other Trust Funds:			
Cash - Treasurer	B-1	888,325.71	851,224.47
Due To Current Fund	B-4	-	339.72
Other Trust Funds:		888,325.71	851,564.19
Payroll Agency Trust Fund:			
Cash - Treasurer	B-1	10,375.20	6,186.04
Length of Service Award Program:			
Fund ("LOSAP") - Reviewed:			
Investments	B-8	701,123.09	701,123.09
Total Assets		\$ 1,605,334.03	\$ 1,561,739.60
<u>Liabilities and Reserves</u>			
Animal Control Trust Fund:			
Reserve for Animal Control Fund			
Expenditures	B-2	\$ 5,510.03	\$ 2,866.28
Animal Control Trust Fund		5,510.03	2,866.28
Other Trust Funds:			
Various Reserves	B-5	888,325.71	851,564.19
Other Trust Funds:		888,325.71	851,564.19
Payroll Agency Trust Fund:			
Due To Current Fund	B-6	-	3.30
Payroll Deductions Payable	B-7	10,375.20	6,182.74
Payroll Agency Trust Fund:		10,375.20	6,186.04
Length of Service Award Program:			
Fund ("LOSAP") - Reviewed:			
Miscellaneous Reserves	B-9	701,123.09	701,123.09
Total Liabilities and Reserves		\$ 1,605,334.03	\$ 1,561,739.60

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

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GENERAL CAPITAL FUND

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**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Cash	C-2	\$ 743,986.38	\$ 330,725.84
Deferred Charges To Future Taxation:			
Funded	C-4	2,275,000.00	2,740,000.00
Unfunded	C-5	1,922,035.23	2,149,547.00
Due From:			
Monmouth County	C-6	590,000.00	340,000.00
Rumson Fair Haven Regional BOE	C-16	170,000.00	-
State of New Jersey	C-7	<u>200,000.00</u>	<u>650,000.00</u>
Total Assets		<u>\$ 5,901,021.61</u>	<u>\$ 6,210,272.84</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	\$ 2,080,000.00	\$ 2,740,000.00
Green Acres Loan	C-9	195,000.00	-
Bond Anticipation Note	C-14	1,262,678.00	1,159,500.00
Due To Current Fund	C-13	-	142.09
Improvement Authorizations:			
Funded	C-10	910,810.74	608,970.83
Unfunded	C-10	1,066,573.62	248,525.48
Capital Improvement Fund	C-11	54,113.00	-
Encumbrances Payable	C-12	71,940.26	800,746.42
Reserve for Payment of Bonds	C	253,749.00	646,231.03
Fund Balance	C-1	<u>6,156.99</u>	<u>6,156.99</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,901,021.61</u>	<u>\$ 6,210,272.84</u>

There were bonds and notes authorized but not issued on December 31, 2016 of \$923,700.00 and on December 31, 2015 of \$990,047.00.

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Balance, December 31, 2016 and 2015

\$ 6,156.99

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

GENERAL FIXED ASSETS ACCOUNT GROUP

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BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Land	D-1	\$ 17,213,846.00	\$ 17,213,846.00
Buildings	D-1	1,381,862.50	1,381,862.50
Equipment	D-1	3,729,757.38	3,724,598.72
Improvements	D-1	<u>673,107.92</u>	<u>673,107.92</u>
Total Assets		<u>\$ 22,998,573.80</u>	<u>\$ 22,993,415.14</u>
<u>Liabilities</u>			
Investments in Fixed Assets	D-1	<u>\$ 22,998,573.80</u>	<u>\$ 22,993,415.14</u>
Total Liabilities		<u>\$ 22,998,573.80</u>	<u>\$ 22,993,415.14</u>

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

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**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Borough of Fair Haven, County of Monmouth, New Jersey ("Borough") is governed by the Borough form of government, with a mayor and a 6-member Borough Council. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to a separate audit. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

Component Unit

The Borough of Fair Haven had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39 and 61.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Borough of Fair Haven contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Borough of Fair Haven accounts for its financial transactions through the use of separate funds, which are described as follows:

Current Fund – The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Fund – The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund – the General Capital Fund accounts for 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 – used to account for fixed assets used in general government operations.

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Budgets and Budgetary Accounting - The Borough of Fair Haven must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies (continued):

The cash management plan adopted by the Borough of Fair Haven requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund 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.

Inventories and Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets of assets, liabilities, reserves and fund balance.

General Fixed Assets – Property and equipment purchased by the Current and General Capital Fund are recorded as expenditures at the time of purchase and are not capitalized. All interest costs are recorded as expenditures when paid.

Accounting for governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 85-2 as issued by the Division of Local Government Services, differs in certain respects from accounting principles generally accepted in the United States of America. The following is a brief description of the provisions of the Directive:

Fixed assets used in governmental operations (General Fixed Assets) are accounted for in the General Fixed Assets Account Group. 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.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for land, which is valued at estimated market value. No depreciation has been provided for in the financial statements. Donated general fixed assets are valued at their estimated fair market value on the date received.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation. Fixed assets acquired through grants-in-aid or contributed capital has not been accounted for separately.

Foreclosed property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Deferred Charges – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Fund Balance – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

Revenues – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance 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 revenues when received.

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Monmouth, Borough of Fair Haven School District and the Rumson-Fair Haven Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Borough of Fair Haven School District and its share of the Rumson-Fair Haven Regional School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district and the Borough's share of the regional school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2015 and decreased by the amount deferred at December 31, 2016.

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Monmouth. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

Reserve for Uncollected Taxes – The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Expenditures – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled 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.

Long-Term Debt - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Post-employment Benefits – Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis.

Subsequent Events - The Borough of Fair Haven has evaluated subsequent events occurring after December 31, 2016 through the date of June 16, 2017, which is the date the financial statements were available to be issued.

Adopted Accounting Pronouncements

For the year ended December 31, 2016, the Borough implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Borough is required to measure certain investments at fair value for financial reporting purposes. In addition, the Borough is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Borough’s financial statements.

The Borough implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Borough’s financial statements.

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies (continued):

The Borough implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Borough's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. Implementation of this Statement did not impact the Borough's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this Statement did not impact the Borough's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Implementation of this Statement did not impact the Borough's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Borough's financial statements.

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended December 31, 2017. Management has not yet determined the potential impact on the Borough's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting requirements for certain asset retirement obligations and establishes the timing and pattern of recognition of a liability and corresponding deferred outflow of resources. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Borough's financial statements.

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 2. Cash and Cash Equivalents

The Borough is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2016 and reported at fair value are as follows:

Type	Carrying Value
Deposits	
Demand Deposits	<u>\$ 8,529,287.36</u>
Total Deposits	<u><u>\$ 8,529,287.36</u></u>
The Borough's Cash and Cash Equivalents are Reported as Follows:	
Current Fund	\$ 6,881,090.04
Trust Other Fund	888,325.71
Animal Control Fund	5,510.03
Capital Fund	743,986.38
Payroll Agency Trust Fund	<u>10,375.20</u>
Total Cash and Cash Equivalents	<u><u>\$ 8,529,287.36</u></u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2016, the Borough's bank balance of \$8,478,163.53 was insured or collateralized as follows:

Insured	\$ 250,000.00
Uninsured and uncollateralized	793,076.49
Collateralized in the District's Name Under GUDPA	<u>7,185,087.04</u>
Total	<u><u>\$ 8,478,163.53</u></u>

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 3. Investments

A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough and are held by either the counterparty or the counterparty's trust department or agent but not in the Borough's name. All of the Borough's investments are held in the name of the Borough and are collateralized by GUDPA.

B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Borough has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2016, are provided in the above schedule.

C. Investment Credit Risk

The Borough has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or 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 obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Borough or bonds or other obligations of the local unit or units within which the Borough is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Borough;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 3. Investments (continued):

	Fair Value (<u>LOSAP</u>)	Book <u>Value</u>	Total Reported <u>Value</u>
2016:			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 701,123.09</u>	<u>\$ 701,123.09</u>	<u>\$ 701,123.09</u>

2015:

Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 701,123.09</u>	<u>\$ 701,123.09</u>	<u>\$ 701,123.09</u>

Note 4. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison of Tax rate Information

	2016	2015	2014
Total Tax Rate	<u>\$ 1.955</u>	<u>\$ 1.944</u>	<u>\$ 1.968</u>
Apportionment of Tax Rate:			
Municipal	0.405	0.399	0.404
County	0.301	0.305	0.312
Local School	0.909	0.914	0.932
Regional School	0.340	0.326	0.320

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 4. Property Taxes (continued)

Net Valuation Taxable

2016	\$ 1,573,117,318.00		
2015		\$ 1,529,811,213.00	
2014			\$ 1,456,802,624.00

Comparison of Tax Levies and Collection Currently

Year	Tax Levy	Cash Collections	Percentage Of Collection
2016	\$ 30,939,721.47	\$ 30,589,219.87	98.87%
2015	29,897,301.63	29,486,283.11	98.63%
2014	28,807,196.00	28,423,808.00	98.67%

Delinquent Taxes and Tax Title Liens

Year Ended December 31,	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2016	\$ -	\$ 310,269.63	\$ 310,269.63	1.00%
2015	-	395,935.51	395,935.51	1.32%
2014	-	375,884.00	375,884.00	1.30%

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 5. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Year	Balance December 31,	Utilized In Budget of Succeeding Year	Percentage of Fund Balance Used
Current Fund			
2016	\$ 1,669,918.26	\$ 950,000.00	56.89%
2015	1,502,762.94	800,000.00	53.24%
2014	1,438,926.00	800,000.00	55.60%
2013	1,431,234.00	800,000.00	55.90%
2012	1,654,108.00	950,000.00	57.43%

Note 6. Interfunds

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2016:

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	\$ -	\$ 57,934.80
State & Federal Grant Fund	57,934.80	-
Total	<u>\$ 57,934.80</u>	<u>\$ 57,934.80</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 30,343.66	\$ 146.61
State & Federal Grant Fund	-	30,002.72
Trust Other Fund	1.22	340.94
Payroll Agency Fund	3.30	-
General Capital Fund	142.09	-
	<u>\$ 30,490.27</u>	<u>\$ 30,490.27</u>

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 7. Accounts Receivable

Accounts receivable at December 31, 2016 consisted of intergovernmental grants, taxes and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Borough's individual major and fiduciary funds, in the aggregate, are as follows:

	Current Fund	General Capital Fund	Total
State Aid	\$ -	\$ 200,000.00	\$ 200,000.00
Taxes	310,269.63	-	310,269.63
Other	112,449.35	760,000.00	872,449.35
Total	<u>\$ 422,718.98</u>	<u>\$ 960,000.00</u>	<u>\$ 1,382,718.98</u>

Note 8. General Fixed Assets

Fixed Assets activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2016
Land	\$ 17,213,846.00	\$ -	\$ -	\$ 17,213,846.00
Buildings	1,381,862.50	-	-	1,381,862.50
Equipment	3,724,598.72	5,158.66	-	3,729,757.38
Improvements	673,107.92	-	-	673,107.92
Total General Fixed Assets	<u>\$ 22,993,415.14</u>	<u>\$ 5,158.66</u>	<u>\$ -</u>	<u>\$ 22,998,573.80</u>

Note 9. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded

BOROUGH OF FAIR HAVEN

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Components of Net Pension Liability - At December 31, 2016, the Municipality reported a liability of \$4,657,172.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .01572%, which was a decrease of .00061% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 & December 31, 2015		
	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	1,299,958.00	573,078.00
Deferred Inflows of Resources	277,156.00	283,695.00
Net Pension Liability	4,657,172.00	3,667,659.00
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.01572%	0.01634%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 86,609.00	\$ -
Changes of Assumptions	964,717.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	177,582.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	<u>71,050.00</u>	<u>277,156.00</u>
	<u><u>\$ 1,299,958.00</u></u>	<u><u>\$ 277,156.00</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense as follows:

Year Ending <u>Dec 31,</u>	<u>PERS</u>
2017	\$ 230,586.00
2018	230,584.00
2019	280,107.00
2020	227,775.00
2021	<u>53,750.00</u>
	<u><u>\$ 1,022,802.00</u></u>

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

PERS

Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best

BOROUGH OF FAIR HAVEN**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016****Note 9. Pension Obligations (continued):****A. Public Employees' Retirement System (PERS) (continued):**

estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	Decrease (2.98%)	Discount Rate (3.98%)	Increase (4.98%)
Municipality's proportionate share of the Net Pension Liability	\$ 5,706,820.70	\$ 4,657,172.00	\$ 3,790,595.99

B. Police and Firemen's Retirement System (PFRS)

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Municipality contributions to PFRS amounted to \$346,679.00 for 2016.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Net Pension Liability and Pension Expense - At December 31, 2016, the Municipality's proportionate share of the PFRS net pension liability is valued to be \$8,122,318.00. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .04252%, which was an increase of .00085% from its proportion measured as of June 30, 2015.

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Collective Balances at December 31, 2016 & December 31, 2015		
	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	2,125,331.00	1,709,801.00
Deferred Inflows of Resources	53,243.00	180,663.00
Net Pension Liability	8,122,318.00	6,940,730.00
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.04252%	0.04167%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Municipality had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 53,243.00
Changes of Assumptions	1,125,008.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	569,114.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	431,209.00	-
	<u>\$ 2,125,331.00</u>	<u>\$ 53,243.00</u>

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

Year Ending <u>Dec 31,</u>	<u>PFRS</u>		
2017	\$ 507,071.00		
2018	507,069.00		
2019	628,800.00		
2020	373,482.00		
2021	<u>55,666.00</u>		
	<u>\$ 2,072,088.00</u>		
		<u>Deferred</u>	<u>Deferred</u>
		<u>Outflows of</u>	<u>Inflows of</u>
		<u>Resources</u>	<u>Resources</u>
Differences between Expected and Actual Experience			
Year of Pension Plan Deferral:			
June 30, 2014	-	-	-
June 30, 2015	-	5.53	5.53
June 30, 2016	-	5.58	5.58
Changes of Assumptions			
Year of Pension Plan Deferral:			
June 30, 2014	6.17	-	-
June 30, 2015	5.53	-	-
June 30, 2016	5.58	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments			
Year of Pension Plan Deferral:			
June 30, 2014	-	5.00	5.00
June 30, 2015	-	5.00	5.00
June 30, 2016	5.00	-	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions			
Year of Pension Plan Deferral:			
June 30, 2014	6.17	6.17	6.17
June 30, 2015	5.53	5.53	5.53
June 30, 2016	5.58	5.58	5.58

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State's proportionate share of the net pension liability attributable to the Municipality is \$682,073.00 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The State's proportion of the net pension liability associated with the Municipality was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2016 was .04252%, which was an increase of .00085% from its proportion measured as of June 30, 2015, which is the same proportion as the Municipality's.

Municipality's Proportionate Share of the Net Pension Liability	\$ 8,122,318.00
State's Proportionate Share of the Net Pension Liability Associated with the Municipality	<u>682,073.00</u>
Total Net Pension Liability	<u><u>\$ 8,804,391.00</u></u>

For the year ended December 31, 2016, the Municipality's total allocated pension expense was \$1,072,434.00.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

<u>PFRS</u>	
Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

	Decrease (4.55%)	Discount Rate (5.55%)	Increase (6.55%)
Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 11,352,616.61	\$ 8,804,391.00	\$ 6,726,466.29

Note 10. Capital Debt

	<u>Summary of Debt</u>		
Issued	Year 2016	Year 2015	Year 2014
Bonds, Notes & Loans	\$ 3,537,678.00	\$ 3,899,500.00	\$ 4,551,598.00
Less:			
Reserve to Pay Bonds	(253,749.00)	(646,231.03)	(2,413.00)
Cash on Hand	(69,342.77)	-	-
Authorized but Not Issued	923,700.00	990,047.00	195,000.00
Total	<u>\$ 4,138,286.23</u>	<u>\$ 4,243,315.97</u>	<u>\$ 4,744,185.00</u>

Summary of Statutory Debt Condition – Annual Debt Statement

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 and indicates a statutory net debt of 0.262%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 5,440,000.00	\$ 5,440,000.00	\$ -
Regional School District Debt	724,905.76	724,905.76	-
General Debt	4,461,378.00	323,091.77	4,138,286.23
Total	<u>\$ 10,626,283.76</u>	<u>\$ 6,487,997.53</u>	<u>\$ 4,138,286.23</u>

Net Debt, \$4,138,286.23 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$1,579,869,368.00 equals 0.262%.

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 10. Capital Debt (continued):

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 55,295,427.88
Net Debt	<u>4,138,286.23</u>
Remaining Borrowing Power	<u><u>\$ 51,157,141.65</u></u>

At December 31, 2016 the Borough of Fair Haven had \$923,700.00 authorized but not issued bonds and notes.

During the fiscal year ended December 31, 2016 the following changes occurred in capital debt:

	December 31, 2015	Accrued/ Increases	Retired/ Decreases	December 31, 2016	Due Within One Year
General Capital Fund:					
General Serial Bonds	\$ 2,740,000.00	\$ -	\$ (660,000.00)	\$ 2,080,000.00	\$ 675,000.00
Green Acres Loan	-	195,000.00	-	195,000.00	8,266.85
Bond Anticipation Notes	1,159,500.00	1,262,678.00	(1,159,500.00)	1,262,678.00	1,262,678.00
Authorized but Not Issued	990,047.00	-	(66,347.00)	923,700.00	-
Total General Capital	<u>4,889,547.00</u>	<u>1,457,678.00</u>	<u>(1,885,847.00)</u>	<u>4,461,378.00</u>	<u>1,945,944.85</u>

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding (See Exhibit C-8)

Year	General		Total
	Principal	Interest	
2017	\$ 8,266.85	\$ 3,858.87	\$ 12,125.72
2018	8,433.02	3,692.71	12,125.73
2019	8,602.52	3,523.20	12,125.72
2020	8,775.43	3,350.30	12,125.73
2021	8,951.82	3,173.91	12,125.73
2022-2026	47,531.47	13,097.13	60,628.60
2027-2031	52,504.32	8,124.28	60,628.60
2032-2036	51,934.57	2,631.18	54,565.75
Total	<u>\$ 195,000.00</u>	<u>\$ 41,451.58</u>	<u>\$ 236,451.58</u>

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 10. Capital Debt (continued):

Schedule of Annual Debt Service for Principal and Interest for Green Aces Loan Issued and Outstanding (See Exhibit C-9)

Year	General		Total
	Principal	Interest	
2017	\$ 675,000.00	\$ 55,351.00	\$ 730,351.00
2018	695,000.00	33,934.00	728,934.00
2019	710,000.00	11,538.00	721,538.00
Total	<u>\$ 2,080,000.00</u>	<u>\$ 100,823.00</u>	<u>\$ 2,180,823.00</u>

Bond Anticipation Notes

The Borough had \$1,262,678.00 Bond Anticipation Notes outstanding at December 31, 2016. Notes mature March 20, 2017 @ 1.50%.

Note 11. Deferred School District Taxes

The Fair Haven Borough School District Tax and Rumson-Fair Haven Regional High School District have been raised and Current Fund has the following liabilities as of December 31, 2016:

	Local District		Regional High School	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Balance of Tax	\$ 6,810,889.97	\$ 7,030,644.97	\$ 111,842.45	\$ 104,386.16
Deferred	<u>3,200,000.00</u>	<u>3,200,000.00</u>	<u>-</u>	<u>-</u>
Tax Payable	<u>\$ 3,610,889.97</u>	<u>\$ 3,830,644.97</u>	<u>\$ 111,842.45</u>	<u>\$ 104,386.16</u>

Note 12. 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. It is the policy of the Borough to purchase commercial insurance for the risks of loss to which it is exposed. Settlements in each of the past three years have not exceeded the insurance coverage.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 13. Post-Employment Retirement Benefits (continued):

to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The Borough contributes to the State Health Benefits Program (“SHBP”), a cost-sharing, multiple-employer defined benefit post-employment 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. On February 24, 1981, the Borough authorized participation in the SHBP’s post-retirement benefit program through resolution number 78-2-24-81. Eligibility to participate in the SHBP’s post-retirement benefit program begins after 25 years of credited service with the Borough. 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, PO Box 295, Trenton, New Jersey 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. Plan members or beneficiaries receiving benefits do not make any contributions.

The Borough’s contributions to SHBP for the years ended December 31, 2016, 2015, and 2014 were \$513,908.40, \$417,092.52, and \$366,432.00, respectively, which equaled the required contributions for each year. There were approximately 25, 21, and 21 retired participants eligible at December 31, 2016, 2015, and 2014, respectively.

Note 14. Length of Service Award Program (“LOSAP”)

The Borough has established a Volunteer Length of Service Award Plan (“LOSAP”) (“Plan”) to ensure retention of the Borough’s volunteer First Aid Squad members. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a “Length of Service Award Plan under Section 457(e)11 of the Internal Revenue Code”.

BOROUGH OF FAIR HAVEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 14. Length of Service Award Program (“LOSAP”) (continued):

Annual Contributions – The annual contribution to be made by the Borough for each active volunteer member was \$1,150 for the year ended December 31, 2016.

Appropriations – Appropriations for the purpose of funding the Borough’s LOSAP shall be included as a separate line item in the Borough’s budget.

Periodic Increases – Notwithstanding the provisions above, the annual contribution to be made by the Borough for each active volunteer member shall be subject to periodic increases based upon the “Consumer Price Index Factor” pursuant to subsection f. of section 3 of P.L. 1997, c.388 (*N.J.S.A.40A:14-185*).

Criteria for Eligibility; Contributions; Points – Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member’s performance of active emergency service in the Jackson Borough First Aid Squad. Annual contributions shall only be made by the Borough, however, for those active volunteer members who have earned the minimum number of points performing certain volunteer services on a yearly basis

Determination as to Eligibility – The Fair Haven Borough First Aid Organizations shall provide to the Borough Chief Financial Officer, acting as the Plan Administrator of the LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan as of January 1, 2000 and those who are eligible to participate as of each January 1 thereafter. The Plan Administrator shall forward the provisions of *N.J.A.C.5:30-14.10*. The decision of the Borough Council as to such active member’s eligibility shall be binding upon the Plan Administrator, Participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

Terms of Participation – The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting – The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service – Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the Fair Haven Borough First Aid Squad as an active volunteer member. Any active volunteer member who terminates service with the Fair Haven Borough First Aid Squad, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements – *N.J.A.C.5:30-14.49* requires that the Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accounts Statements on Standards for Accounting and Auditing Review Services.

BOROUGH OF FAIR HAVEN

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 15. Accrued Sick and Vacation Benefits

The Borough has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material. At December 31, 2016, the Borough has estimated this liability to be approximately \$634,722.22. The realization of this liability may be affected by conditions, which could preclude an employee from receiving full payment of the accrual.

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, 2016, the following deferred charges are shown on the balance sheets of the various funds:

	Balance 12/31/2016	2017 Budget Appropriation	Balance to Succeeding Budgets
Current Fund:			
Special Emergency Appropriations - 5 Years	\$ 59,600.00	\$ 29,800.00	\$ 29,800.00

Note 17. Subsequent Events

As discussed in Note 1, the Borough has evaluated subsequent events through June 16, 2017, the date the financial statements were available to be issued. No additional disclosures necessary.

SUPPLEMENTARY SCHEDULES

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CURRENT FUND

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**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015 \$ 6,513,739.29

Increased By Receipts:

Miscellaneous Revenue Not Anticipated	\$ 90,124.68	
Taxes Receivable	30,766,018.84	
Revenue Accounts Receivable	1,917,462.13	
Due From:		
State of New Jersey - Senior Citizens' and Veterans' Deductions	32,090.41	
General Capital Fund	272,072.61	
Trust Fund - Payroll Agency	280.56	
Due To State of New Jersey - Marriage Licenses	275.00	
Prepaid Taxes	134,087.63	
Outside Liens	371,639.90	
Reserve for:		
FEMA	72,221.92	
Grants - Unappropriated	32,020.14	
	33,688,293.82	33,688,293.82
		40,202,033.11

Decreased By Disbursements:

2016 Appropriations	7,850,937.39	
2015 Appropriation Reserves	315,352.77	
Due To State of New Jersey - Marriage Licenses	350.00	
Local District School Taxes	14,513,375.00	
Regional High School Taxes	5,340,991.71	
County Taxes	4,733,563.54	
Due To Trust Fund - Other Funds	339.72	
Due To General Capital Fund	270,113.03	
Outside Liens	223,458.02	
Reserve for:		
FEMA	4,040.76	
Tax Appeals Pending	6,748.27	
Grants - Appropriated	62,022.86	
	33,321,293.07	33,321,293.07

Balance, December 31, 2016 \$ 6,880,740.04

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 & 2015

\$ 350.00

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015		\$	1,250.00
Increased By:			
Senior Citizens' Billings			
Per Duplicate	\$	2,750.00	
Veterans' Per Duplicate		30,000.00	
Senior Citizen Deductions Allowed			
by Tax Collector		<u>250.00</u>	
			<u>33,000.00</u>
			34,250.00
Decreased By:			
Cash Received From State of New Jersey		32,090.41	
Senior Citizens Deductions Disallowed			
by Tax Collector		<u>659.59</u>	
			<u>32,750.00</u>
Balance, December 31, 2016		\$	<u><u>1,500.00</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2016**

Year	Balance December 31, 2015	2016 Levy	Added	Collections 2015	2016	Due From State of New Jersey	Remitted Abated Cancelled	Balance December 31, 2016
2015	\$ 395,935.51	\$ -	\$ -	\$ -	\$ 324,304.20	\$ -	\$ 71,631.31	\$ -
2016	-	30,762,392.46	177,329.01	113,465.57	30,442,754.30	33,000.00	40,231.97	310,269.63
	\$ 395,935.51	\$ 30,762,392.46	\$ 177,329.01	\$ 113,465.57	\$ 30,767,058.50	\$ 33,000.00	\$ 111,863.28	\$ 310,269.63

Analysis of 2016 Tax Levy

Tax Yield:

General Purpose Tax	\$ 30,762,392.46
Added Taxes (54:4-63 et seq.)	177,329.01

\$ 30,939,721.47

Tax Levy:

Local District School Tax (Abstract)	
Regional High School Tax (Abstract)	14,293,620.00
County Taxes:	5,348,448.00
County Tax (Abstract)	
County Library Tax (Abstract)	
County Open Space Fund	
Due To County - Added and Omitted	
	<u>\$ 4,761,016.35</u>

24,403,084.35

Local Tax for Municipal Purposes

Add: Additional Tax Levied	6,365,899.62
	<u>170,737.50</u>

6,536,637.12

\$ 30,939,721.47

Analysis of Current Revenue From Taxes

Senior Citizens' and Veterans' Deductions Allowed (Net)	2016 Property Taxes	Delinquent Taxes
Taxes Collected in 2016	\$ 33,000.00	\$ -
Prepaid Taxes Applied	30,442,754.30	324,304.20
	<u>113,465.57</u>	-
Net Revenue	<u>\$ 30,589,219.87</u>	<u>\$ 324,304.20</u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	Accrued in <u>2016</u>	<u>Collections</u>	Balance December 31, <u>2016</u>
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ -	\$ 7,876.00	\$ 7,876.00	\$ -
Fees and Permits	-	51,593.00	51,593.00	-
Fines and Costs:				
Municipal Court	3,108.35	59,970.53	58,306.04	4,772.84
Interest and Costs on Taxes	-	76,927.69	76,927.69	-
Interest on Investments and Deposits	-	35,915.75	35,915.75	-
Cable Franchise Fees	-	96,204.20	96,204.20	-
Cell Tower Lease	-	70,786.31	70,786.31	-
Energy Receipts Tax	-	454,580.00	454,580.00	-
Uniform Construction Code Fees	-	405,870.02	299,693.51	106,176.51
Rumson Various Public Works Shared Service Agreement	-	116,248.75	116,248.75	-
Recycling Tonnage Grant	-	6,192.11	6,192.11	-
Clean Communities Program	-	11,857.25	11,857.25	-
Alcohol Education and Rehabilitation Fund	-	294.67	294.67	-
NJ Body Armor Grant	-	1,594.52	1,594.52	-
Uniform Fire Safety Act	-	3,099.85	3,099.85	-
Reserve to Pay Bonds & Notes	-	646,231.03	646,231.03	-
	<u>\$ 3,108.35</u>	<u>\$ 2,045,241.68</u>	<u>\$ 1,937,400.68</u>	<u>\$ 110,949.35</u>
Cash Receipts			\$ 1,917,462.13	
Grants Receivable			<u>19,938.55</u>	
			<u>\$ 1,937,400.68</u>	

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015	\$	142.09
Increased By:		
Cash Disbursements	\$	270,113.03
Interest on Investments	1,817.49	
		<u>271,930.52</u>
		272,072.61
Decreased By:		
Cash Receipts		<u>272,072.61</u>
Balance, December 31, 2016	\$	<u><u>-</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM TRUST FUND - OTHER FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ (339.72)
Increased By:	
Cash Disbursements	<u>339.72</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF DUE FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 87,937.52
Increased By:	
Reserve for Grants:	
Unappropriated	<u>32,020.14</u>
	119,957.66
Decreased By:	
Reserve for Grants - Appropriated	<u>62,022.86</u>
Balance, December 31, 2016	<u><u>\$ 57,934.80</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Description</u>	Balance December 31, <u>2015</u>	Anticipated in 2016Current <u>Fund Budget</u>	Transferred from <u>Unappropriated</u>	Balance December 31, <u>2016</u>
Clean Communities	\$ -	\$ 11,857.25	\$ 11,857.25	\$ -
Alcohol Education and Rehabilitation	-	294.67	294.67	-
Recycling Tonnage	-	6,192.11	6,192.11	-
NJ Body Armor	-	1,594.52	1,594.52	-
	<hr/>			
	\$ -	\$ 19,938.55	\$ 19,938.55	\$ -
	<hr/>			

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
STATE GRANT FUND
SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Description</u>	Balance December 31, <u>2015</u>	Transferred From Current <u>Fund</u>	<u>Expended</u>	Balance December 31, <u>2016</u>
Clean Communities Program	\$ 34,401.79	\$ 11,857.25	\$ 34,601.79	11,657.25
Alcohol Education and Rehabilitation Fund	10,675.73	294.67	-	10,970.40
NJ Cultural Historical Grant	10,000.00	-	4,395.33	5,604.67
Body Armor Fund	7,565.16	1,594.52	5,285.23	3,874.45
Recycling Tonnage Grant	11,548.40	6,192.11	17,740.51	-
	<u>\$ 74,191.08</u>	<u>\$ 19,938.55</u>	<u>\$ 62,022.86</u>	<u>\$ 32,106.77</u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
STATE GRANT FUND
SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Description</u>	Balance December 31, <u>2015</u>	Cash <u>Receipts</u>	Appropriated in 2016 <u>Budget</u>	Balance December 31, <u>2016</u>
Clean Communities Program	\$ 11,857.25	\$ 13,557.73	\$ 11,857.25	\$ 13,557.73
Body Armor Fund	1,594.52	1,542.58	1,594.52	1,542.58
Drunk Driving Enforcement Fund	-	10,485.99	-	10,485.99
Recycling Tonnage Grant	-	6,192.11	6,192.11	-
Alcohol Education and Rehab Fund	294.67	241.73	294.67	241.73
	<u>\$ 13,746.44</u>	<u>\$ 32,020.14</u>	<u>\$ 19,938.55</u>	<u>\$ 25,828.03</u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Balance</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Lapsed</u>
GENERAL GOVERNMENT				
General Administration:				
Salaries and Wages	\$ 491.20	\$ 491.20	\$ -	\$ 491.20
Other Expenses	40,603.04	40,603.04	40,006.92	596.12
Municipal Clerk:				
Salaries and Wages	129.97	129.97	-	129.97
Other Expenses	8,182.41	8,182.41	2,931.74	5,250.67
Mayor & Council:				
Other Expenses	1,040.58	1,040.58	(25.00)	1,065.58
Financial Administration (Treasury):				
Salaries and Wages	2,646.07	2,646.07	-	2,646.07
Other Expenses	2,680.89	2,680.89	2,668.74	12.15
Revenue Administration (Tax Collection):				
Salaries and Wages	91.19	91.19	-	91.19
Other Expenses	3,232.58	3,232.58	3,232.58	-
Tax Assessment Administration:				
Other Expenses	7,955.88	7,955.88	7,955.88	-
Legal Services (Legal Department):				
Other Expenses	9,164.04	5,714.04	4,303.89	1,410.15
Engineering Services:				
Salaries and Wages	9,937.77	9,937.77	-	9,937.77
Other Expenses	16,403.21	16,403.21	670.83	15,732.38
Insurance:				
Workers Compensation	1,228.00	1,228.00	-	1,228.00
Employee Group Health	58,398.15	58,398.15	-	58,398.15
Health Waivers	2,647.44	2,647.44	-	2,647.44
LAND USE ADMINISTRATION				
Planning Board:				
Salaries and Wages	2.58	2.58	-	2.58
Other Expenses	40,845.38	40,845.38	11,233.46	29,611.92
Zoning Board of Adjustment:				
Salaries and Wages	32.67	32.67	-	32.67
Other Expenses	3,004.68	3,004.68	620.00	2,384.68
Zoning Officer:				
Salaries and Wages	46.80	46.80	-	46.80
Other Expenses	1,368.00	1,368.00	-	1,368.00
PUBLIC SAFETY				
Police Department:				
Salaries and Wages	4,426.52	4,426.52	-	4,426.52
Other Expenses	16,371.64	16,371.64	16,301.31	70.33
Historic Preservation Committee:				
Other Expenses	350.00	350.00	-	350.00
Office of Emergency Management:				
Other Expenses	1,168.39	1,168.39	521.48	646.91
Aid To Volunteer Fire Companies:				
Other Expenses	42,307.26	42,307.26	41,432.68	874.58
Aid To Volunteer Fire Companies - Police:				
Other Expenses	1,316.00	1,316.00	1,315.00	1.00

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Balance</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Lapsed</u>
First Aid Organization:				
Other Expenses	5,432.45	5,432.45	4,850.96	581.49
Municipal Prosecutor's Office:				
Salaries and Wages	113.80	113.80	-	113.80
Water Rescue:				
Other Expenses	8,989.18	8,989.18	5,767.35	3,221.83
PUBLIC WORKS				
Streets and Road Maintenance:				
Salaries and Wages	75,306.31	75,306.31	-	75,306.31
Other Expenses	8,974.78	8,974.78	6,769.48	2,205.30
Solid Waste Collection:				
Other Expenses	18,242.37	18,242.37	16,955.10	1,287.27
Recycling Program:				
Other Expenses	95,503.20	95,503.20	53,672.20	41,831.00
Buildings and Grounds:				
Other Expenses	35,740.05	35,740.05	13,499.02	22,241.03
Vehicle Maintenance:				
Salaries and Wages	3.72	3.72	-	3.72
Other Expenses	9,927.65	9,927.65	4,253.56	5,674.09
HEALTH AND WELFARE				
Board of Health:				
Salaries and Wages	1,635.61	1,635.61	-	1,635.61
Other Expenses	1,120.25	1,120.25	824.25	296.00
Environmental Health Services:				
Other Expenses	50.00	50.00	-	50.00
RECREATION AND EDUCATION				
Board of Recreation Commissioners:				
Other Expenses	2,075.19	2,075.19	471.47	1,603.72
Maintenance of Parks and Playgrounds:				
Other Expenses	8,952.08	8,952.08	3,278.41	5,673.67
CODE ENFORCEMENT AND ADMINISTRATION				
Code Enforcement:				
Salaries and Wages	163.64	163.64	-	163.64
Other Expenses	1,100.00	1,100.00	248.00	852.00
Municipal Court:				
Salaries and Wages	51.20	51.20	-	51.20
Other Expenses	2,492.61	2,492.61	-	2,492.61
UNIFORM CONSTRUCTION CODE				
Sub-Code Officials:				
Construction Official:				
Salaries and Wages	474.72	474.72	-	474.72
Other Expenses	400.00	400.00	-	400.00
Plumbing Inspector:				
Salaries and Wages	106.04	106.04	-	106.04
Other Expenses	400.00	400.00	-	400.00
Electrical Inspector:				
Salaries and Wages	417.76	417.76	-	417.76
Fire Sub-Code Official:				
Salaries and Wages	171.04	171.04	-	171.04
Other Expenses	400.00	400.00	-	400.00

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Balance</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Lapsed</u>
UNCLASSIFIED				
Utilities:				
Fire Hydrant Service	164.41	164.41	-	164.41
Electricity	386.62	386.62	-	386.62
Street Lighting	10,076.64	10,076.64	6,056.90	4,019.74
Telephone	11,688.06	11,688.06	465.67	11,222.39
Water	2,280.70	2,280.70	794.43	1,486.27
Gas (natural or propane)	3,400.75	3,400.75	-	3,400.75
Fuel Oil	19,353.82	19,353.82	813.89	18,539.93
Gasoline	14,566.23	14,566.23	1,297.80	13,268.43
Landfill/Solid Waste Disposal Costs	24,114.68	24,114.68	(17,424.16)	41,538.84
STATUTORY EXPENDITURES				
Contribution To:				
Social Security System	14,148.53	14,148.53	-	14,148.53
Contingent	3,000.00	3,000.00	-	3,000.00
Aid To Library:				
Salaries and Wages	2,188.24	2,188.24	-	2,188.24
LOSAP	75,000.00	78,450.00	78,450.00	-
Recycling Tax	1,956.57	1,956.57	682.71	1,273.86
Interlocal Services Agreement -				
County of Monmouth - 911	18.60	18.60	-	18.60
Monmouthn County Records Management	3,200.00	3,200.00	-	3,200.00
Rumson Various Public Works Shared Services	20,550.00	20,550.00	-	20,550.00
Rumson Court Shared Services	1,012.92	1,012.92	-	1,012.92
Construction	20.00	20.00	-	20.00
Animal Control	461.37	461.37	456.22	5.15
Total General Appropriations	<u>\$ 761,904.13</u>	<u>\$ 761,904.13</u>	<u>\$ 315,352.77</u>	<u>\$ 446,551.36</u>
Appropriation Reserves		\$ 480,424.38		
Encumbrances Payable		<u>281,479.75</u>		
		<u>\$ 761,904.13</u>		

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 281,479.75
Increased By:	
Transferred From Current	
Appropriations	<u>309,702.40</u>
	591,182.15
Decreased By:	
Transferred To Appropriation Reserves	<u>281,479.75</u>
Balance, December 31, 2016	<u><u>\$ 309,702.40</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - MARRIAGE LICENSE FEES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 125.00
Increased By:	
Cash Receipts	<u>275.00</u>
	400.00
Decreased By:	
Cash Disbursements	<u>350.00</u>
Balance, December 31, 2016	<u><u>\$ 50.00</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 113,465.57
Increased By:	
Cash Receipts	<u>134,087.63</u>
	247,553.20
Decreased By:	
Applied To Taxes Receivable	<u>113,465.57</u>
Balance, December 31, 2016	<u><u>\$ 134,087.63</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015			\$ 37,627.05
Increased By:			
Transferred from Taxes			14,489.54
Refunded Overpayments			<u>36,123.67</u>
			88,240.26
Decreased By:			
Applied to Taxes	\$ 37,627.05		
Cash Disbursed	<u>36,123.67</u>		<u>73,750.72</u>
Balance, December 31, 2016			<u><u>\$ 14,489.54</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015			
School Tax Payable	\$	3,830,644.97	
School Tax Deferred		<u>3,200,000.00</u>	
			\$ 7,030,644.97
Increased By:			
Levy - School Year, July 1, 2016 - June 30, 2017			<u>14,293,620.00</u>
			21,324,264.97
Decreased By:			
Cash Disbursed			<u>14,513,375.00</u>
Balance, December 31, 2016			
School Tax Payable		3,610,889.97	
School Tax Deferred		<u>3,200,000.00</u>	
			<u>\$ 6,810,889.97</u>
2016 Liability for Local District Tax			
Tax Payable, December 31, 2016		3,610,889.97	
Tax Paid		<u>14,513,375.00</u>	
			\$ 18,124,264.97
Less:			
Tax Payable, December 31, 2015			<u>3,830,644.97</u>
Amount Charged To 2016 Operations			<u>\$ 14,293,620.00</u>

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015	\$ 104,386.16
Increased By:	
Levy Calendar Year 2016	<u>5,348,448.00</u>
	5,452,834.16
Decreased By:	
Cash Disbursed	<u>5,340,991.71</u>
Balance, December 31, 2016	<u><u>\$ 111,842.45</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$	-
Increased By:			
County Taxes	\$ 4,203,464.77		
County Library Taxes	288,611.62		
Open Space Preservation	241,487.15		
Added and Omitted	<u>27,452.81</u>		
			<u>4,761,016.35</u>
			4,761,016.35
Decreased By:			
Cash Disbursed			<u>4,733,563.54</u>
Balance, December 31, 2016		\$	<u><u>27,452.81</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR TAX APPEALS PENDING
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 25,000.00
Decreased By:	
Cash Disbursements	<u>6,748.27</u>
Balance, December 31, 2016	<u><u>18,251.73</u></u>

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR OUTSIDE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015	\$ 139,813.13
Increased By:	
Cash Receipts	<u>371,639.90</u>
	511,453.03
Decreased By:	
Cash Disbursements	<u>223,458.02</u>
Balance, December 31, 2016	<u><u>\$ 287,995.01</u></u>

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM PAYROLL AGENCY TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015	\$ 3.30
Increased By:	
Interest on Investments	<u>277.26</u>
	280.56
Decreased By:	
Cash Receipts	<u>280.56</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR FEMA
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Cash Receipts	<u>72,221.92</u>
	72,221.92
Decreased By:	
Cash Disbursements	<u>4,040.76</u>
Balance, December 31, 2016	<u><u>\$ 68,181.16</u></u>

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TRUST FUND

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**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Animal Control Trust Fund	Payroll Agency	Other Trust Funds
Balance, December 31, 2015	\$ 2,866.28	\$ 6,186.04	\$ 851,224.47
Increased By Receipts:			
Dog License Fees	2,616.40	-	-
Miscellaneous License Fees	27.35	-	-
Due To:			
State of New Jersey	291.60	-	-
Current Fund	-	277.26	339.72
Various Reserves	-	-	2,195,792.67
Payroll Deductions Payable	-	1,089,960.61	-
	<u>2,935.35</u>	<u>1,090,237.87</u>	<u>2,196,132.39</u>
	5,801.63	1,096,423.91	3,047,356.86
Decreased By Disbursements:			
Due To:			
State of New Jersey	291.60	-	-
Current Fund	-	280.56	-
Various Reserves	-	-	2,159,031.15
Payroll Deductions Payable	-	1,085,768.15	-
	<u>291.60</u>	<u>1,086,048.71</u>	<u>2,159,031.15</u>
Balance, December 31, 2016	<u>\$ 5,510.03</u>	<u>\$ 10,375.20</u>	<u>\$ 888,325.71</u>

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015		\$ 2,866.28
Increased By:		
Dog License Fees Collected	\$ 2,616.40	
Interest	<u>27.35</u>	
		<u>2,643.75</u>
Balance, December 31, 2016		<u><u>\$ 5,510.03</u></u>

License Fees Collected

2014	\$ 2,992.90
2015	<u>2,850.80</u>
	<u><u>\$ 5,843.70</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY DEPARTMENT OF HEALTH
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Cash Receipts	<u>291.60</u>
	291.60
Decreased By:	
Cash Disbursements	<u>291.60</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND - OTHER FUNDS
SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ (339.72)
Increased By:	
Disbursements Made in Current Fund	<u>339.72</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND - OTHER FUNDS
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance, December 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2016</u>
Reserve for:				
Engineering Fees	\$ 157,049.95	\$ 104,590.37	\$ 83,538.37	\$ 178,101.95
Accumulated Sick and Vacation	28,857.43	10,000.00	-	38,857.43
Historic Fisk Chapel	12,740.06	1,000.00	-	13,740.06
Recreation Community Appeals	25,601.91	25,607.00	15,606.77	35,602.14
Recreation General Programs	58,902.31	56,128.50	58,165.02	56,865.79
Unemployment Compensation Fund	39,355.04	2,459.41	10,394.89	31,419.56
Recycling	23,190.98	-	-	23,190.98
Law Enforcement Trust Fund	844.47	4.50	-	848.97
Clock Donations	150.00	-	-	150.00
Public Defender Trust Fund	2,547.10	23.00	1,797.10	773.00
Payroll	-	1,863,101.02	1,863,101.02	-
Police Equipment	50.00	3,000.00	1,282.00	1,768.00
P.O.A.A.	1,080.27	14.00	-	1,094.27
Veterans Memorial	2,496.22	-	746.45	1,749.77
Officer Extra Duty Pay	97.50	72,832.50	72,832.50	97.50
Cash Performance	416,645.89	25,264.37	2,576.16	439,334.10
FH Fields Nature Area	11,876.24	10,130.00	9,821.09	12,185.15
Borough Sign	400.00	-	400.00	-
Snow Removal	40,821.75	1,000.00	25,343.53	16,478.22
Shade Tree Donations	22,410.07	5,254.00	13,426.25	14,237.82
Sidealk Escrow	6,447.00	15,384.00	-	21,831.00
	<u>\$851,564.19</u>	<u>\$ 2,195,792.67</u>	<u>\$ 2,159,031.15</u>	<u>\$ 888,325.71</u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
PAYROLL AGENCY TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 3.30
Increased By:	
Interest Earned	<u>277.26</u>
	280.56
Decreased By:	
Payment To Current Fund	<u>280.56</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
PAYROLL AGENCY TRUST FUND
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 6,182.74
Increased By:	
Cash Receipts	<u>1,089,960.61</u>
	1,096,143.35
Decreased By:	
Cash Disbursements	<u>1,085,768.15</u>
Balance, December 31, 2016	<u><u>\$ 10,375.20</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") (REVIEWED)
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 and 2015

\$ 701,123.09

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") (REVIEWED)
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 and 2015

\$ 701,123.09

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GENERAL CAPITAL FUND

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**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 330,725.84
Increased By:		
Capital Improvement Fund	\$ 104,363.00	
Due To Current Fund	1,817.49	
Reserve for Payment of Bonds - Open Space	250,000.00	
Bond Anticipation Notes	<u>1,262,678.00</u>	
		<u>1,618,858.49</u>
		1,949,584.33
Decreased By:		
Due To Current Fund	272,072.61	
Improvement Authorizations	<u>933,525.34</u>	
		<u>1,205,597.95</u>
Balance, December 31, 2016		<u><u>\$ 743,986.38</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2016</u>
Fund Balance	\$ 6,156.99
Due From:	
Monmouth County	(590,000.00)
State of New Jersey	(200,000.00)
Rumson Fair Haven Regional BOE	(170,000.00)
Excess Financing - Bond Anticipation Note	264,342.77
Encumbrances Payable	71,940.26
Capital Improvement Fund	54,113.00
Reserve For The Payment of Bonds and Notes	253,749.00

Ordinance

NumberImprovement Description

12-01	Fair Haven Fields	\$ 30,127.79
13-08	Various Equipment & Infrastructure	58.02
14-20	Sidwalk Improvements	189,325.00
15-03	Fire Truck	92.89
15-12	Various Improvements	9,999.93
15-16	Roof/Garbage Truck	142,780.73
16-02	Waterfront Navesink	250,000.00
16-12	Various Equipment/Improvements	215,000.00
16-14	Various Equipment & Infrastructure	216,300.00
		<hr/>
		\$ 743,986.38
		<hr/> <hr/>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 2,740,000.00
Increased By:	
Green Acres Loan	<u>195,000.00</u>
	2,935,000.00
Decreased By:	
2016 Budget Appropriations To Pay Bonds and Loans	<u>660,000.00</u>
Balance, December 31, 2016	<u><u>\$ 2,275,000.00</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Improvement Description	Balance December 31, 2015	Appropriations	BAN Paydowns	Green Acres Loan Issued	Cancelled	Balance December 31, 2016	Bond Anticipation Notes	Excess Financing	Analysis of Balance	
										Unexpended Improvement	Authorization
09-20	Acquisition of DeNormandie	\$ 1,159,500.00	\$ -	\$ 886,869.00	\$ -	\$ 69,342.77	\$ 203,288.23	\$ 272,631.00	\$ (69,342.77)	\$ -	-
16-11	Fair Haven Fields	195,000.00	-	-	195,000.00	-	-	195,000.00	(195,000.00)	-	-
14-05	Fire Truck	476,000.00	-	-	-	-	476,000.00	476,000.00	-	-	-
14-20	Roof/Garbage Truck	319,047.00	-	-	-	-	319,047.00	319,047.00	-	-	-
16-14	Various Equipment & Infrastructure	-	923,700.00	-	-	-	923,700.00	-	-	923,700.00	-
		<u>\$ 2,149,547.00</u>	<u>\$ 923,700.00</u>	<u>\$ 886,869.00</u>	<u>\$ 195,000.00</u>	<u>\$ 69,342.77</u>	<u>\$ 1,922,035.23</u>	<u>\$ 1,262,678.00</u>	<u>\$ (264,342.77)</u>	<u>\$ 923,700.00</u>	<u>-</u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM MONMOUTH COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Balance, December 31, 2015	\$ 340,000.00
Increased By:	
Grant Award	<u>250,000.00</u>
Balance, December 31, 2016	<u><u>\$ 590,000.00</u></u>
Analysis of Grants:	
Monmouth County Municipal Open Space Grant	<u>\$ 590,000.00</u>
	<u><u>\$ 590,000.00</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM STATE OF NEW JERSEY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Balance, December 31, 2015	\$ 650,000.00
Decreased By:	
Cash Receipts	<u>450,000.00</u>
Balance, December 31, 2016 and 2015	<u><u>\$ 200,000.00</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Purpose</u>	<u>Original Issue</u>		<u>Maturities of Bonds Outstanding December 31, 2016</u>		<u>Interest Rate</u>	<u>Balance December 31,</u>		<u>Balance December 31, 2016</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>		<u>2015</u>	<u>Decreased</u>	
General Obligation Bonds	03/11/09	\$ 6,330,000.00	2017	675,000.00	3.125%	\$ 2,740,000.00	\$ 660,000.00	\$ 2,080,000.00
			2018	695,000.00	3.125%			
			2019	710,000.00	3.250%			
						\$ 2,740,000.00	\$ 660,000.00	\$ 2,080,000.00

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Green Trust Loan Issued	<u>195,000.00</u>
Balance, December 31, 2016	<u><u>\$ 195,000.00</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Improvement Description	Ordinance		Balance December 31, 2015		Authorized	Transfer From		Paid or Charged	Cancelled	Transfer To		Balance December 31, 2016	
		Date	Amount	Funded	Unfunded		Encumbrances	Encumbrances			Encumbrances	Encumbrances	Funded	Unfunded
06-06	Various Improvements	12/16/06	\$ 2,557,500.00	\$ -	\$ -	\$ -	\$ 5,235.91	\$ -	\$ -	\$ -	\$ 5,235.91	\$ -	\$ -	\$ -
09-20	Acquisition of DeNormandie	09/12/09	1,217,500.00	-	-	-	-	-	-	69,342.77	-	-	-	-
09-30	Acquisition of DeNormandie	12/24/09	220,000.00	211,050.00	-	-	-	-	-	211,050.00	-	-	-	-
12-01	Fair Haven Fields	03/01/12	295,250.00	43,902.18	-	-	-	-	13,774.39	-	-	-	30,127.79	-
12-12	Various Equipment, Infrastructure	10/09/12	215,000.00	-	-	-	-	-	12,734.38	-	-	202.90	-	-
13-08	Various Equipment & Infrastructure	06/24/13	184,858.00	-	-	-	-	-	56,713.82	-	-	17,216.71	58.02	-
14-06	Various Capital Improvements	09/08/14	215,000.00	-	-	-	-	-	42,012.50	-	-	5,000.00	-	-
14-20	Sidewalk Improvements	09/22/14	200,000.00	189,325.00	-	-	-	-	-	-	-	-	189,325.00	-
15-03	Fire Truck	03/23/15	500,000.00	-	34,171.71	-	-	-	465,828.29	-	-	-	-	92.89
15-12	Various Improvements	09/28/15	215,000.00	164,693.65	-	-	-	-	28,232.52	-	-	44,284.74	9,999.93	-
15-16	Roof/Garbage Truck	10/13/15	335,000.00	-	145,011.00	-	-	-	189,989.00	-	-	-	-	142,780.73
16-02	Waterfront Navesink	02/08/16	250,000.00	-	-	250,000.00	-	-	-	-	-	-	250,000.00	-
16-12	Various Equipment/Improvements	06/27/16	215,000.00	-	-	215,000.00	-	-	-	-	-	-	215,000.00	-
16-14	Various Equipment & Infrastructure	09/12/16	1,140,000.00	-	-	1,140,000.00	-	-	-	-	-	-	216,300.00	923,700.00
			\$ 608,970.83	\$ 248,525.48	\$ 1,605,000.00	\$ 800,746.42	\$ 933,525.34	\$ 280,392.77	\$ 71,940.26	\$ 910,810.74	\$ 1,066,573.62			

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$	-
Increased By:			
2016 Budget Appropriations	\$	104,363.00	
Improvement Authorizations Cancelled		<u>211,050.00</u>	
			<u>315,413.00</u>
			315,413.00
Decreased By:			
Improvement Authorizations			<u>261,300.00</u>
Balance, December 31, 2016		\$	<u><u>54,113.00</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 800,746.42
Increased By:	
Improvement Authorizations	<u>71,940.26</u>
	872,686.68
Decreased By:	
Cash Disbursements	<u>800,746.42</u>
Balance, December 31, 2016	<u><u>\$ 71,940.26</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$	142.09
Increased By:			
Paid By Current Fund	270,113.03		
Interest Income	<u>1,817.49</u>		
			<u>271,930.52</u>
			272,072.61
Decreased By:			
Cash Disbursements			<u>272,072.61</u>
Balance, December 31, 2016		\$	<u><u>-</u></u>

**BOROUGH OF FAIR HAVEN
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Amount of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Date</u>	<u>Balance December 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2016</u>
09-20	Acquisition of DeNormandie	09/23/14	\$ 1,159,500.00	09/23/14	09/23/16	1.50%	\$ 1,159,500.00	\$ 272,631.00	\$ 1,159,500.00	\$ 272,631.00
16-11	Fair Haven Fields	03/21/16	195,000.00	03/21/16	03/20/17	1.50%	-	195,000.00	-	195,000.00
14-05	Fire Truck	03/21/16	476,000.00	03/21/16	03/20/17	1.50%	-	476,000.00	-	476,000.00
14-20	Roof/Garbage Truck	03/21/16	319,047.00	03/21/16	03/20/17	1.50%	-	319,047.00	-	319,047.00
Total							\$ 1,159,500.00	\$ 1,262,678.00	\$ 1,159,500.00	\$ 1,262,678.00

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2016</u>
11-16	Fair Haven Fields	\$ 195,000.00	\$ -	\$ 195,000.00	\$ -
15-03	Fire Truck	476,000.00	-	476,000.00	-
15-16	Roof/Garbage Truck	319,047.00	-	319,047.00	-
16-14	Various Equipment & Infrastructure	<u>-</u>	<u>923,700.00</u>	<u>-</u>	<u>923,700.00</u>
		<u>\$ 990,047.00</u>	<u>\$ 923,700.00</u>	<u>\$ 990,047.00</u>	<u>\$ 923,700.00</u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM RUMSON FAIR HAVEN REGIONAL BOE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
RFH Tennis Court - Ord: 16-14	<u>170,000.00</u>
Balance, December 31, 2016	<u><u>\$ 170,000.00</u></u>

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GENERAL FIXED ASSETS ACCOUNT GROUP

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**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>
Land	\$ 17,213,846.00	\$ -	\$ -	\$ 17,213,846.00
Buildings	1,381,862.50	-	-	1,381,862.50
Equipment	3,724,598.72	5,158.66	-	3,729,757.38
Improvements	673,107.92	-	-	673,107.92
	<u>\$ 22,993,415.14</u>	<u>\$ 5,158.66</u>	<u>\$ -</u>	<u>\$ 22,998,573.80</u>

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COMMENTS AND RECOMMENDATIONS

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The Honorable Mayor and Members of the
Borough Council
Borough of Fair Haven
Fair Haven, New Jersey

We have audited the financial statements – statutory basis of the Borough of Fair Haven in the County of Monmouth for the year ended December 31, 2016.

Scope of Audit

The audit covered the financial transactions of the Treasurer and Tax Collector, the activities of the Mayor and Council and the records of the various outside departments.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Borough Departments as shown on the Statements of Revenue and Revenue Accounts Receivable are presented as recorded in the Borough records.

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or 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 \$40,000 for the period of January 1, 2016 to December 31, 2016, except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year.

Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made. The minutes indicate that bids were requested by public advertising for the following items:

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4) (continued):

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Purchases were made through the State Division of Purchases and Property and were approved by resolution of the Borough Council.

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.

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," 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*.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$6,000 for the period of January 1, 2016 to December 31, 2016, thereafter "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 provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, as amended, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 4, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED that the rate of interest to be charged for the nonpayment of taxes and water/sewer rents on the date when they become delinquent is hereby fixed as eight (8%) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18%) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00). The same to be calculated from the date of actual payment; provided, however, that no interest be charged if payment is made with ten (10) days after the date upon which same became payable."

The Borough also charges an additional 6% penalty on delinquencies in excess of \$10,000 at the end of the calendar year.

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

Tax Collector's Annual Report

N.J.S.54:4-91 requires that on or before May 1st of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed in 2016 with the governing body.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2016 included real estate taxes for 2016.

The last tax sale was held on November 29, 2016 and was complete.

Inspection of 2016 tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

YEAR	NUMBER OF LIENS
2016	0
2015	0
2014	0

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

Deductions From Taxes

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Deposit of Funds Paid to Local Unit

N.J.S.40A:5-15 States:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall within 48 hours after the receipt thereof, either;

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or;

- b. be deposited to the credit of the local unit in its designated legal depository.”

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of Borough employees, also, the examination ascertained that the accumulated withholdings were distributed to the proper agencies.

Municipal Court

A separate report for the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

As part of the test of the municipal court records, no attempt was made to differentiate between fines due the Borough, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

A test sample was selected of twenty (20) traffic and criminal cases processed through the system. The purpose of the test was to determine that traffic fines were levied in accordance with State Statutes, that payments were deposited intact and on a timely basis, that dispositions were entered in traffic and criminal dockets, closure procedures for delinquent traffic tickets were enforced and that proper procedures were in effect for defendants paying on a the partial payment system. This test disclosed no discrepancies regarding fines being properly levied, entering of dispositions and closure procedures.

The computer software does not allow for a posting distribution in the cash receipts journal when a transaction involves both a check and cash payment being made by the defendant. The computer system requires this particular type of transaction be posted as either entirely cash or check. As a result of this limitation no test can be conducted to determine if the receipt detail batch totals from the journal agree with the detail of cash and checks deposited for that particular day.

A review of the partial payment system indicated that collection procedures are being enforced to collect delinquent balances.

Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. No prior year findings were noted.

Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team. The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
June 16, 2017

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
COMMENTS
YEAR ENDED DECEMBER 31, 2016**

Officials in Office and Surety Bonds

The following were in office during the period under audit.

<u>Name of Official</u>	<u>Title</u>
Benjamin Lucarelli	Mayor
Jonathan Peters	Council President
Eric R. Jaeger	Council Member
Aimee Humphreys	Council Member
Rowland O. Wilhelm, Jr.	Council Member
Susan A. Sorensen	Council Member
Robert A. Marchese	Council Member
Theresa Casagrande	Borough Administrator
Allyson Cinquegrana	Clerk
Denise Jawidzik	Chief Financial Officer
Denise Jawidzik / Judy Vassallo	Tax Collector
James Newman	Judge
Carol A. Dice	Court Administrator
Salvatore Alfieri	Attorney
Gregory T. Hutchinson	Assessor

During 2016, the Borough of Fair Haven was provided insurance as part of the New Jersey Intergovernmental Insurance Fund. The Government Crime Policy coverage is as follows:

Forgery or Alteration	\$ 1,000,000.00
Theft, Disappearance & Destruction (Inside/Outside)	1,000,000.00
Robbery or Safe Burglary (Inside/Outside)	1,000,000.00
Computer Fraud	1,000,000.00
Funds Transfer Fraud	1,000,000.00
Employee Dishonesty Per Loss	1,000,000.00

During 2016, the Borough of Fair Haven was provided insurance as part of the Travelers Casualty & Surety Company of America. The Government Crime Policy coverage is as follows:

Treasurer, Tax Collector and Court Administrator - Limit	\$ 1,000,000.00
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All of the above bonds were examined and found to be properly executed.