

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

**AUDIT REPORT FOR THE YEAR ENDED
December 31, 2017**

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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, 2017**

INDEPENDENT AUDITOR'S REPORT

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

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 as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2017 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 Borough'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.

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1, the financial statements are prepared by the Borough of Fair Haven on the basis of the financial reporting provisions 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, as of December 31, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, 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 of the Borough, as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2017 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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough’s basic financial statements. The supplemental schedules presented for the various funds and letter of comments and recommendations section 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 are not a required part of the basic financial statements.

The supplemental schedules presented for the various funds are 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 also issued our report dated June 22, 2018 on our consideration of the Borough'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'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 No. 483

Freehold, New Jersey
June 22, 2018

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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

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, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 22, 2018. Our report indicated that the Borough's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough'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 Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and 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 Borough'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 Borough'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 No. 483

Freehold, New Jersey
June 22, 2018

FINANCIAL STATEMENTS

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CURRENT FUND

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BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

<u>Assets</u>	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Current Fund:			
Cash	A-4	\$ 12,303,135.99	\$ 6,880,740.04
Change Fund	A-5	350.00	350.00
Due from State of New Jersey - Senior & Vets	A-6	1,500.00	1,500.00
		<u>12,304,985.99</u>	<u>6,882,590.04</u>
Receivables With Full Reserves:			
Taxes Receivable	A-7	319,041.19	310,269.63
Revenue Accounts Receivable	A-8	5,462.54	110,949.35
Due From:			
Animal Control Fund	B	3,176.69	-
		<u>327,680.42</u>	<u>421,218.98</u>
Special Emergency Appropriations			
Special Emergency - Revaluation	A	29,800.00	59,600.00
Total Current Fund		<u>12,662,466.41</u>	<u>7,363,409.02</u>
State Grant Fund:			
Due From Current Fund	A-11	58,080.11	57,934.80
State Grants Receivable	A-13	30,000.00	-
Total State Grant Fund		<u>88,080.11</u>	<u>57,934.80</u>
Total Assets		<u>\$ 12,750,546.52</u>	<u>\$ 7,421,343.82</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
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Current Fund:			
Appropriation Reserves	A-3	\$ 530,537.81	\$ 608,793.88
Encumbrances Payable	A-16	217,923.55	309,702.40
Accounts Payable	A-15	1,408.58	-
Due To:			
State Grant Fund	A-11	58,080.11	57,934.80
State of New Jersey - Marriage Licenses	A-17	75.00	50.00
Prepaid Taxes	A-18	4,604,989.26	134,087.63
Tax Overpayments	A-19	14,144.23	14,489.54
Local District School Tax Payable	A-20	4,113,064.97	3,610,889.97
Regional High School Tax Payable	A-21	115,225.49	111,842.45
County Taxes Payable	A-22	117,004.22	27,452.81
Reserve for:			
FEMA	A-26	4,875.00	68,181.16
Tax Appeals Pending	A-23	13,044.20	18,251.73
Insurance Reimbursements	A	26,169.95	22,600.40
Outside Liens	A-24	109,419.12	287,995.01
		<u>9,925,961.49</u>	<u>5,272,271.78</u>
Reserve for Receivables and Other Assets	A	327,680.42	421,218.98
Fund Balance	A-1	<u>2,408,824.50</u>	<u>1,669,918.26</u>
Total Current Fund		<u>12,662,466.41</u>	<u>7,363,409.02</u>
State Grant Fund:			
Reserve for Grants:			
Appropriated	A-13	88,080.11	32,106.77
Unappropriated	A-14	-	25,828.03
Total State Grant Fund		<u>88,080.11</u>	<u>57,934.80</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 12,750,546.52</u>	<u>\$ 7,421,343.82</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
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 950,000.00	\$ 800,000.00
Miscellaneous Revenue Anticipated	2,004,189.02	1,939,065.17
Receipts From Delinquent Taxes	280,288.77	324,304.20
Non-Budget Revenues	45,767.99	90,124.68
Receipts From Current Taxes	31,580,817.57	30,589,219.87
Appropriation Reserves Lapsed	627,458.57	446,551.36
Prior Year Interfunds Returned	-	146.61
	<hr/>	<hr/>
Total Revenues	35,488,521.92	34,189,411.89
	<hr/>	<hr/>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	3,118,650.00	3,090,795.00
Other Expenses	3,520,228.08	3,328,087.55
Deferred Charges and Statutory Expenditures	627,404.00	639,180.00
Capital Improvements	665,000.00	104,363.00
Municipal Debt Service	964,642.14	1,626,946.67
Deferred Charges	29,800.00	29,800.00
Local District School Tax	14,393,270.00	14,293,620.00
Regional High School Tax	5,650,970.00	5,348,448.00
County Taxes	4,707,174.24	4,733,563.54
County Share of Added Taxes	117,004.22	27,452.81
Refund Prior Year Revenue	5,473.00	-
	<hr/>	<hr/>
Total Expenditures	33,799,615.68	33,222,256.57
	<hr/>	<hr/>
Excess in Revenue	1,688,906.24	967,155.32
	<hr/>	<hr/>
Statutory Excess	1,688,906.24	967,155.32
	<hr/>	<hr/>
Fund Balance, January 1	1,669,918.26	1,502,762.94
	<hr/>	<hr/>
	3,358,824.50	2,469,918.26
Decreased By:		
Utilization as Anticipated Revenue	950,000.00	800,000.00
	<hr/>	<hr/>
Fund Balance, December 31	\$ 2,408,824.50	\$ 1,669,918.26
	<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
STATEMENT OF 2017 REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	\$ 950,000.00	\$ 950,000.00	\$ -
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	7,800.00	7,876.00	76.00
Fees and Permits	50,000.00	52,188.00	2,188.00
Fines and Costs:			
Municipal Court	50,000.00	55,956.67	5,956.67
Interest and Costs on Taxes	70,000.00	59,653.93	(10,346.07)
Interest on Investments and Deposits	25,000.00	41,592.23	16,592.23
Cable Franchise Fees	98,876.05	98,876.05	-
Cell Tower Lease	70,000.00	92,570.50	22,570.50
Energy Receipts Tax	454,580.00	454,580.00	-
Uniform Construction Code Fees	250,000.00	281,265.00	31,265.00
Reserve to Pay Bonds & Notes	207,037.23	207,037.23	-
Rumson Various Public Works Shared Service Agreement	115,000.00	75,970.00	(39,030.00)
Reserve for FEMA	63,306.16	81,526.44	18,220.28
Sale of Public Property	405,000.00	405,000.00	-
Drunk Driving Enforcement Fund	10,485.99	10,485.99	-
Monmouth County Open Space - FH Fields	30,000.00	30,000.00	-
Recycling Tonnage Grant	15,543.20	15,543.20	-
Clean Communities Program	25,075.87	25,075.87	-
Alcohol Education and Rehabilitation Fund	820.79	820.79	-
NJ Body Armor Grant	5,287.07	5,287.07	-
Uniform Fire Safety Act	3,000.00	2,884.05	(115.95)
Total Miscellaneous Revenues	<u>1,956,812.36</u>	<u>2,004,189.02</u>	<u>47,376.66</u>
Receipts From Delinquent Taxes	<u>300,000.00</u>	<u>280,288.77</u>	<u>(19,711.23)</u>
Amount To Be Raised By Taxes for Support of Municipal Budget	<u>6,365,669.72</u>	<u>7,212,399.11</u>	<u>846,729.39</u>
Budget Revenues	<u>9,572,482.08</u>	<u>10,446,876.90</u>	<u>874,394.82</u>
Non-Budget Revenues	<u>-</u>	<u>45,767.99</u>	<u>45,767.99</u>
	<u>\$ 9,572,482.08</u>	<u>\$ 10,492,644.89</u>	<u>\$ 920,162.81</u>
<u>Allocation of Current Tax Revenues</u>			
Allocation of Current Tax Collections:			
Revenue From Collections		\$ 31,580,817.57	
Allocation To School, Open Space and County Taxes		<u>24,868,418.46</u>	
Balance for Support of Municipal Budget Appropriations		6,712,399.11	
Add: Appropriation "Reserve for Uncollected Taxes"		<u>500,000.00</u>	
Amount for Support of Municipal Budget Appropriations		<u>\$ 7,212,399.11</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 2017 REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Analysis of Non-Budget Revenues

Police Reports	\$ 1,087.90
Certified Copies	535.90
Certified Property Lists	415.00
Copies	237.03
Sidewalk Program	669.44
Motor Vehicle Inspection Fines	3,505.00
Towing Operator	300.00
Recycling	410.00
Engineering Fees	4,197.50
Tax Collector	507.44
Tax Search Officer	10.00
Field Usage Fee	5,450.70
Return Check Fees	20.00
Miscellaneous	7,064.58
POD Structure	725.00
Election Reimbursements	800.00
Tax Map Revisions	600.00
Police Outside Work Administrative Fee	18,652.50
Senior Citizens/Veterans Admin Fee	580.00
	<hr/>
	\$ 45,767.99
	<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
STATEMENT OF 2017 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Appropriation By 40A:4-87</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
General Appropriations Operations - Within "CAPS"							
GENERAL GOVERNMENT							
General Administration:							
Salaries and Wages	\$ 197,000.00	\$ -	\$ 197,000.00	\$ 184,685.50	\$ -	\$ 12,314.50	\$ -
Other Expenses	91,950.00	-	116,950.00	48,949.86	47,533.92	20,466.22	-
Municipal Clerk:							
Salaries and Wages	73,600.00	-	73,600.00	71,497.48	-	2,102.52	-
Other Expenses	15,300.00	-	15,300.00	4,164.12	1,091.91	10,043.97	-
Mayor and Council:							
Other Expenses	2,650.00	-	2,650.00	1,843.06	100.00	706.94	-
Financial Administration (Treasury):							
Salaries and Wages	61,200.00	-	63,000.00	62,929.42	-	70.58	-
Other Expenses	12,050.00	-	12,050.00	8,919.01	1,314.85	1,816.14	-
Audit Services	35,000.00	-	35,000.00	32,600.00	-	2,400.00	-
Revenue Administration (Tax Collection):							
Salaries and Wages	31,250.00	-	31,250.00	31,090.08	-	159.92	-
Other Expenses	6,400.00	-	6,400.00	1,548.54	1,123.42	3,728.04	-
Tax Assessment Administration:							
Salaries and Wages	22,800.00	-	22,800.00	22,686.96	-	113.04	-
Other Expenses	18,800.00	-	18,800.00	15,851.53	507.09	2,441.38	-
Legal Services (Legal Department):							
Other Expenses	90,000.00	-	98,000.00	76,909.16	220.45	20,870.39	-
Engineering Services:							
Salaries and Wages	215,000.00	-	205,000.00	198,121.39	-	6,878.61	-
Other Expenses	36,000.00	-	36,000.00	12,321.51	14,739.74	8,938.75	-
Insurance:							
General Liability	69,000.00	-	69,000.00	68,942.00	-	58.00	-
Workers Compensation	165,000.00	-	165,000.00	165,000.00	-	-	-
Employee Group Health	1,009,000.00	-	1,010,600.00	995,544.18	-	15,055.82	-
Health Waivers	30,000.00	-	35,000.00	34,884.88	-	115.12	-
LAND USE ADMINISTRATION							
Planning Board:							
Salaries and Wages	4,000.00	-	4,100.00	3,840.21	-	259.79	-
Other Expenses	41,100.00	-	41,100.00	17,909.99	21,409.95	1,780.06	-

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 2017 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Appropriation By 40A:4-87</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
General Appropriations Operations - Within "CAPS"							
Zoning Board of Adjustment:							
Salaries and Wages	4,000.00	-	4,100.00	3,840.08	-	259.92	-
Other Expenses	12,725.00	-	12,725.00	5,955.39	131.30	6,638.31	-
Zoning Officer:							
Salaries and Wages	16,150.00	-	16,450.00	16,404.95	-	45.05	-
Other Expenses	1,500.00	-	1,500.00	325.00	910.00	265.00	-
PUBLIC SAFETY							
Police Department:							
Salaries and Wages	1,551,000.00	-	1,551,000.00	1,541,176.83	-	9,823.17	-
Other Expenses	84,850.00	-	84,850.00	66,026.67	18,514.33	309.00	-
Historic Preservation Committee:							
Other Expenses	200.00	-	200.00	-	-	200.00	-
Office of Emergency Management:							
Other Expenses	3,700.00	-	3,700.00	190.38	2,881.25	628.37	-
Aid To Volunteer Fire Companies:							
Other Expenses	64,550.00	-	64,550.00	45,291.32	18,107.80	1,150.88	-
Aid To Volunteer Fire Companies - Police:							
Other Expenses	3,750.00	-	3,750.00	1,396.75	2,327.85	25.40	-
First Aid Organization:							
Other Expenses	19,800.00	-	19,800.00	8,222.22	8,469.23	3,108.55	-
Municipal Prosecutor's Office:							
Salaries and Wages	12,000.00	-	12,000.00	12,000.00	-	-	-
Water Rescue:							
Other Expenses	10,194.00	-	10,194.00	5,649.00	-	4,545.00	-
PUBLIC WORKS							
Streets and Road Maintenance:							
Salaries and Wages	445,000.00	-	410,000.00	367,877.32	-	42,122.68	-
Other Expenses	53,350.00	-	56,450.00	42,636.91	13,677.23	135.86	-
Shade Tree Commission:							
Other Expenses	9,460.00	-	9,460.00	7,419.00	-	2,041.00	-
Solid Waste Collection							
Salaries and Wages	195,000.00	-	195,000.00	172,115.93	16,399.80	6,484.27	-
Recycling Program:							
Salaries and Wages	17,500.00	-	13,000.00	8,835.50	-	4,164.50	-
Other Expenses	20,500.00	-	20,500.00	3,434.40	8,565.60	8,500.00	-

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 2017 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Appropriation By 40A:4-87</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
General Appropriations Operations - Within "CAPS"							
Buildings and Grounds:							
Other Expenses	144,750.00	-	141,650.00	94,926.60	14,340.84	32,382.56	-
Vehicle Maintenance:							
Salaries and Wages	73,200.00	-	73,200.00	70,052.23	-	3,147.77	-
Other Expenses	59,500.00	-	59,500.00	49,985.50	5,309.23	4,205.27	-
HEALTH AND WELFARE							
Board of Health:							
Other Expenses	51,220.00	-	51,220.00	45,885.00	-	5,335.00	-
Environmental Health Services:							
Other Expenses	500.00	-	500.00	360.00	-	140.00	-
RECREATION AND EDUCATION							
Board of Recreation Commissioners:							
Salaries and Wages	50,000.00	-	56,000.00	55,000.08	-	999.92	-
Other Expenses	11,500.00	-	11,500.00	7,699.91	1,892.00	1,908.09	-
Maintenance of Parks and Playgrounds:							
Other Expenses	23,250.00	-	23,250.00	14,847.09	1,592.30	6,810.61	-
Celebration of Public Events:							
Other Expenses	15,000.00	-	15,000.00	15,000.00	-	-	-
CODE ENFORCEMENT AND ADMINISTRATION							
Code Enforcement:							
Salaries and Wages	20,000.00	-	23,000.00	22,067.51	-	932.49	-
Other Expenses	1,200.00	-	1,200.00	-	700.00	500.00	-
Municipal Court:							
Salaries and Wages	13,500.00	-	13,500.00	13,440.00	-	60.00	-
Other Expenses	160.00	-	160.00	160.00	-	-	-

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 2017 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

General Appropriations Operations - Within "CAPS"	Original Budget	Appropriation By 40A:4-87	Budget After Modification	Paid or Charged	Encumbrances	Reserved	Cancelled
UNCLASSIFIED							
Utilities:							
Fire Hydrant Service	70,000.00	-	68,300.00	68,236.30	-	63.70	-
Electricity	35,000.00	-	45,000.00	34,329.41	-	10,670.59	-
Street Lighting	60,000.00	-	50,000.00	38,119.95	-	11,880.05	-
Telephone	58,000.00	-	58,000.00	48,555.03	680.14	8,764.83	-
Water	13,000.00	-	13,000.00	10,695.78	451.91	1,852.31	-
Gas (natural or propane)	30,000.00	-	30,000.00	18,468.51	-	11,531.49	-
Fuel Oil	25,000.00	-	25,000.00	10,402.57	5,000.00	9,597.43	-
Gasoline	40,000.00	-	40,000.00	31,245.60	5,000.00	3,754.40	-
Landfill/Solid Waste Disposal Costs	205,000.00	-	205,000.00	177,939.68	1,905.41	25,154.91	-
Accumulated Sick and Vacation	10,000.00	-	10,000.00	-	-	10,000.00	-
Snow Removal	43,306.16	-	43,306.16	43,306.16	-	-	-
Salary and Wage Adjustment	17,000.00	-	17,000.00	-	-	17,000.00	-
Total Operations - Within "CAPS"	5,822,415.16	-	5,822,115.16	5,239,759.44	214,897.55	367,458.17	-
Contingent	3,000.00	-	3,000.00	-	-	3,000.00	-
Total Operations Including Contingent - Within "CAPS"	5,825,415.16	-	5,825,115.16	5,239,759.44	214,897.55	370,458.17	-
Detail:							
Salaries and Wages	3,059,200.00	-	3,026,000.00	2,892,546.35	16,399.80	117,053.85	-
Other Expenses (Including Contingent)	2,766,215.16	-	2,799,115.16	2,347,213.09	214,897.55	253,404.32	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES							
STATUTORY EXPENDITURES							
Contribution To:							
Public Employees' Retirement System	140,725.00	-	140,725.00	140,725.00	-	-	-
Social Security System (O.A.S.I.)	140,000.00	-	140,000.00	129,103.05	-	10,896.95	-
Consolidated Police and Firemen's Pension Fund	346,679.00	-	346,679.00	346,679.00	-	-	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	627,404.00	-	627,404.00	616,507.05	-	10,896.95	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	6,452,819.16	-	6,452,519.16	5,856,266.49	214,897.55	381,355.12	-

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 2017 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

General Appropriations Operations - Within "CAPS"	Original Budget	Appropriation By 40A:4-87	Budget After Modification	Paid or Charged	Encumbrances	Reserved	Cancelled
Aid To Library:							
Salaries and Wages	92,350.00	-	92,650.00	91,440.61	-	1,209.39	-
Stormwater Management	11,000.00	-	11,000.00	11,000.00	-	-	-
LOSAP	81,000.00	-	81,000.00	-	-	81,000.00	-
Recycling Tax	10,000.00	-	10,000.00	7,071.66	401.00	2,527.34	-
Total Other Operations - Excluded from "CAPS"	194,350.00	-	194,650.00	109,512.27	401.00	84,736.73	-
Interlocal Municipal Service Agreements:							
County of Monmouth - 911 Dispatch	61,600.00	-	61,600.00	61,581.40	-	18.60	-
Monmouth County Records Management	3,300.00	-	3,300.00	-	-	3,300.00	-
Rumson Various Public Works Shared Services	115,000.00	-	115,000.00	60,535.30	-	54,464.70	-
Rumson Court Shared Services	55,000.00	-	55,000.00	54,300.34	-	699.66	-
Construction	177,000.00	-	177,000.00	176,616.00	-	384.00	-
Animal Control	9,000.00	-	9,000.00	8,059.76	-	940.24	-
RFH Custodial IL-SA	20,000.00	-	20,000.00	17,361.24	-	2,638.76	-
RFH Tech IL-SA	9,000.00	-	9,000.00	6,375.00	2,625.00	-	-
Finance IL-SA	64,000.00	-	64,000.00	62,000.00	-	2,000.00	-
Tax Collector IL-SA	18,000.00	-	18,000.00	18,000.00	-	-	-
Total Interlocal Municipal Service Agreements	531,900.00	-	531,900.00	464,829.04	2,625.00	64,445.96	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES							
Alcohol Education Rehabilitation Enforcement Program	241.73	579.06	820.79	820.79	-	-	-
Clean Communities Program	13,557.73	11,518.14	25,075.87	25,075.87	-	-	-
NJ Body Armor Grant	1,542.58	3,744.49	5,287.07	5,287.07	-	-	-
Recycling Tonnage Grant	-	15,543.20	15,543.20	15,543.20	-	-	-
Drunk Driving Enforcement	10,485.99	-	10,485.99	10,485.99	-	-	-
Municipal Open Space Grant - Fair Haven Fields Buffer	-	30,000.00	30,000.00	30,000.00	-	-	-
Total Public and Private Programs Offset By Revenues	25,828.03	61,384.89	87,212.92	87,212.92	-	-	-
Total Operations - Excluded From "CAPS"	752,078.03	61,384.89	813,762.92	661,554.23	3,026.00	149,182.69	-
Detail:							
Salaries and Wages	92,350.00	-	92,650.00	91,440.61	-	1,209.39	-
Other Expenses	659,728.03	61,384.89	721,112.92	570,113.62	3,026.00	147,973.30	-

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 2017 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Appropriation By 40A:4-87</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
General Appropriations Operations - Within "CAPS"							
Capital Improvements - Excluded From "CAPS"							
Capital Improvement Fund	665,000.00	-	665,000.00	665,000.00	-	-	-
Total Capital Improvements - Excluded From "CAPS"	665,000.00	-	665,000.00	665,000.00	-	-	-
Municipal Debt Service - Excluded From "CAPS"							
Payment of Bond Principal	675,000.00	-	675,000.00	675,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	350,000.00	-	350,000.00	203,288.23	-	-	146,711.77
Interest on Bonds	55,350.00	-	55,350.00	55,340.64	-	-	9.36
Interest on Notes	18,900.00	-	18,900.00	18,887.55	-	-	12.45
Green Acres Loan	12,150.00	-	12,150.00	12,125.72	-	-	24.28
Total Municipal Debt Service - Excluded From "CAPS"	1,111,400.00	-	1,111,400.00	964,642.14	-	-	146,757.86
Deferred Charges - Municipal - Excluded From "CAPS"							
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	29,800.00	-	29,800.00	29,800.00	-	-	-
Total Deferred Charges - Municipal - Excluded From "CAPS"	29,800.00	-	29,800.00	29,800.00	-	-	-
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	2,558,278.03	61,384.89	2,619,962.92	2,320,996.37	3,026.00	149,182.69	146,757.86
Subtotal General Appropriations	9,011,097.19	61,384.89	9,072,482.08	8,177,262.86	217,923.55	530,537.81	146,757.86
Reserve for Uncollected Taxes	500,000.00	-	500,000.00	500,000.00	-	-	-
Total General Appropriations	<u>\$ 9,511,097.19</u>	<u>\$ 61,384.89</u>	<u>\$ 9,572,482.08</u>	<u>\$ 8,677,262.86</u>	<u>\$ 217,923.55</u>	<u>\$ 530,537.81</u>	<u>\$ 146,757.86</u>
General Appropriations Chapter 159							
			<u>\$ 9,511,097.19</u>				
			61,384.89				
			<u>\$ 9,572,482.08</u>				
Analysis of Paid or Charged:							
Reserve for Uncollected Taxes				\$ 500,000.00			
Cash Disbursed				7,395,249.94			
Deferred Charges - Special Emergency				29,800.00			
Capital Improvement Fund				665,000.00			
Reserve for State Grants - Appropriated				87,212.92			
				<u>\$ 8,677,262.86</u>			

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

GENERAL CAPITAL FUND

TRUST FUND

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

**STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

<u>Assets</u>	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Animal Control Trust Fund:			
Cash - Treasurer	B-1	\$ 8,643.89	\$ 5,510.03
Other Trust Funds:			
Cash - Treasurer	B-1	924,378.64	888,325.71
Other Trust Funds:		924,378.64	888,325.71
Payroll Agency Trust Fund:			
Cash - Treasurer	B-1	13,011.16	10,375.20
Length of Service Award Program:			
Fund ("LOSAP"):			
Investments	B-8	855,940.33	786,911.38
Total Assets		<u>\$ 1,801,974.02</u>	<u>\$ 1,691,122.32</u>
<u>Liabilities and Reserves</u>			
Animal Control Trust Fund:			
Reserve for Animal Control Fund			
Expenditures	B-2	\$ 5,467.20	\$ 5,510.03
Due to Current Fund	A	3,176.69	-
Animal Control Trust Fund		8,643.89	5,510.03
Other Trust Funds:			
Various Reserves	B-5	924,378.64	888,325.71
Other Trust Funds:		924,378.64	888,325.71
Payroll Agency Trust Fund:			
Payroll Deductions Payable	B-7	13,011.16	10,375.20
Payroll Agency Trust Fund:		13,011.16	10,375.20
Length of Service Award Program:			
Fund ("LOSAP"):			
Miscellaneous Reserves	B-9	855,940.33	786,911.38
Total Liabilities and Reserves		<u>\$ 1,801,974.02</u>	<u>\$ 1,691,122.32</u>

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
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

<u>Assets</u>	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Cash	C-2	\$ 1,278,453.81	\$ 743,986.38
Deferred Charges To Future Taxation:			
Funded	C-4	1,591,733.15	2,275,000.00
Unfunded	C-5	3,901,419.00	1,922,035.23
Due From:			
Monmouth County	C-6	340,000.00	590,000.00
Rumson Fair Haven Regional BOE	C-16	170,000.00	170,000.00
State of New Jersey	C-7	<u>200,000.00</u>	<u>200,000.00</u>
Total Assets		<u>\$ 7,481,605.96</u>	<u>\$ 5,901,021.61</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	\$ 1,405,000.00	\$ 2,080,000.00
Green Acres Loan	C-9	186,733.15	195,000.00
Bond Anticipation Note	C-14	1,718,747.00	1,262,678.00
Improvement Authorizations:			
Funded	C-10	606,693.74	910,810.74
Unfunded	C-10	2,533,212.54	1,066,573.62
Capital Improvement Fund	C-11	389,235.00	54,113.00
Encumbrances Payable	C-12	581,290.77	71,940.26
Reserve for Payment of Bonds	C	54,536.77	253,749.00
Fund Balance	C-1	<u>6,156.99</u>	<u>6,156.99</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 7,481,605.96</u>	<u>\$ 5,901,021.61</u>

There were bonds and notes authorized but not issued on December 31, 2017 of \$2,182,672.00 and on December 31, 2016 of \$923,700.00.

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Balance, December 31, 2017 and 2016

\$ 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
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

<u>Assets</u>	<u>Reference</u>	<u>2017</u>	<u>2016</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	3,947,500.63	3,729,757.38
Improvements	D-1	<u>673,107.92</u>	<u>673,107.92</u>
Total Assets		<u>\$ 23,216,317.05</u>	<u>\$ 22,998,573.80</u>
 <u>Liabilities</u>			
Investments in Fixed Assets	D-1	<u>\$ 23,216,317.05</u>	<u>\$ 22,998,573.80</u>
Total Liabilities		<u>\$ 23,216,317.05</u>	<u>\$ 22,998,573.80</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, 2017**

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**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Borough of Fair Haven, County of Monmouth, New Jersey (hereafter referred to as the "Borough") is governed by the Borough form of government, with a mayor and a 6-member Borough Council. Administrative responsibilities are assigned to the Borough Manager. Policy is determined by Council and the Manager is responsible for carrying out such policy.

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61 and 80, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Borough are not presented in accordance with GAAP (as discussed below). Therefore, the Borough had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Borough 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 further in this note.

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

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

General Capital Fund – This 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 Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Borough.

Budgets and Budgetary Accounting – The Borough 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

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost with the exception of LOSAP investments which are reported at fair value. Therefore unrealized gains or losses on investments have not been recorded.

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.

The cash management plan adopted by the Borough 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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Foreclosed property – Foreclosed Property or "Property Acquired for Taxes" 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 Borough 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.

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.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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.

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.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Borough of Fair Haven School District and the Rumson-Fair Haven Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

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.

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 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 and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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 – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of the Borough's financial statements.

Note 2. Deposits and Investments

The Borough is governed by the deposit and investment limitations of New Jersey state law.

Deposits

Custodial Credit Risk Related to Deposits - 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 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Borough relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2017, the Borough's bank balance of \$13,094,848.90 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 12,122,553.42
Uninsured and Uncollateralized	<u>972,295.48</u>
	<u><u>\$ 13,094,848.90</u></u>

BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2. Deposits and Investments (continued):

Investments

Fair Value Measurement – The fair value measurements of investments are required to be reported based on the hierarchy established by generally accepted accounting principles. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

Under regulatory basis of accounting, investments are measured at cost in the Borough's financial statements. However, had the financial statements been prepared in accordance with GAAP, the Borough's fair value, hierarchy level and maturities of its investments at December 31, 2017 would be as followed:

		Fair Value as of December 31, 2017 <u>Level 2</u>	Investment Maturities (in Years) <u>Less Than 1 Year</u>
<u>Investment Type</u>	<u>Carrying Value</u>		
Variable Life Annuity	\$ 855,940.33	\$ 855,940.33	\$ 855,940.33
	<u>\$ 855,940.33</u>	<u>\$ 855,940.33</u>	<u>\$ 855,940.33</u>
<u>Fund</u>			
Trust Fund - LOSAP	\$ 855,940.33	\$ 855,940.33	\$ 855,940.33
	<u>\$ 855,940.33</u>	<u>\$ 855,940.33</u>	<u>\$ 855,940.33</u>

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Borough will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2. Deposits and Investments (continued):

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A: 5-15.1, the Borough's investment policies place no limit in the amount the Borough may invest in any one issuer. More than 5% of the Borough's investments are in a Variable Life Annuity. These investments represent 100% of the Borough's total investments.

Note 3. 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 Schedule of Tax Rates

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>\$ 1.900</u>	<u>\$ 1.955</u>	<u>\$ 1.944</u>
Apportionment of Tax Rate:			
Municipal	0.389	0.405	0.399
County General	0.288	0.301	0.305
Local School	0.878	0.909	0.914
Regional School	0.345	0.340	0.326

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2017	\$ 1,638,548,747.00
2016	1,573,117,318.00
2015	1,529,811,213.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2017	\$ 31,947,119.79	\$ 31,580,817.57	98.85%
2016	30,939,721.47	30,556,219.87	98.87%
2015	29,897,301.63	29,486,283.11	98.63%

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 3. Property Taxes (continued):

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2017	\$ 319,041.19	\$ 319,041.19	1.00%
2016	310,269.63	310,269.63	1.00%
2015	395,935.51	395,935.51	1.32%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2017	-
2016	-
2015	-

The last tax sale was held on November 29, 2017.

Note 4: Property Acquired By Tax Title Lien Liquidation

The Borough had no properties acquired by liquidation of tax title liens as of December 31, 2017, 2016 or 2015.

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:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2017	\$ 2,408,824.50	\$ 1,700,000.00	70.57%
2016	1,669,918.26	950,000.00	56.89%
2015	1,502,762.94	800,000.00	53.24%

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 6. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 7. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2017:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 3,176.69	\$ 58,080.11
State and Federal Grant Fund	58,080.11	-
Animal Control Trust	-	3,176.69
	<u>\$ 61,256.80</u>	<u>\$ 61,256.80</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.

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 3,179.99	\$ 485.03
State and Federal Grant Fund	145.31	-
Animal Control Trust	-	3,176.69
Trust Other Fund	339.72	-
Payroll Agency Fund	-	3.30
	<u>\$ 3,665.02</u>	<u>\$ 3,665.02</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 8. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2017.

	Balance December 31, <u>2016</u>	<u>Additions</u>	Balance December 31, <u>2017</u>
Land	\$ 17,213,846.00	\$ -	\$ 17,213,846.00
Buildings	1,381,862.50	-	1,381,862.50
Improvements	673,107.92	-	673,107.92
Machinery & Equipment	3,729,757.38	217,743.25	3,947,500.63
	<u>\$ 22,998,573.80</u>	<u>\$ 217,743.25</u>	<u>\$ 23,216,317.05</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 <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued):

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

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 2017, 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 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. For the year ended December 31, 2017, the Borough's contractually required contribution to PERS plan was \$139,802.00.

Components of Net Pension Liability - At December 31, 2017, the Borough's proportionate share of the PERS net pension liability was \$3,512,944.00. The net pension liability was measured as of June 30, 2017. 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, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Borough's proportion measured as of June 30, 2017, was 0.01509% which was a decrease of 0.00063% from its proportion measured as of June 30, 2016.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued):

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

Collective Balances at December 31, 2017 and December 31, 2016

	<u>12/31/2017</u>	<u>12/30/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 864,772	\$ 1,299,958
Deferred Inflows of Resources	1,025,722	277,156
Net Pension Liability	3,512,944	4,657,172
Borough's portion of the Plan's total net pension Liability	0.01509%	0.01572%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2017, the Borough's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2017 measurement date is \$253,382.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$139,802.00 to the plan in 2017.

At December 31, 2017, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 82,718	\$ -
Changes of Assumptions	707,737	705,142
Net Difference between Projected and Actual Earnings on Pension Plan Investments	23,921	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	50,396	320,580
	<u>\$ 864,772</u>	<u>\$ 1,025,722</u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued):

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

The Borough will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow 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	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
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	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between 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
June 30, 2017	5.48	5.48

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued):

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

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending Dec 31,	Amount
2018	\$ 19,797
2019	69,320
2020	16,989
2021	(177,173)
2022	(89,883)
	<u>\$ (160,950)</u>

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:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
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

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued):

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

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, 2016 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 (7.00% at June 30, 2017) 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 PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued):

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

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Borough's Proportionate Share of the Net Pension Liability	\$ 4,358,045	\$ 3,512,944	\$ 2,808,869

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 <http://www.nj.gov/treasury/pensions/financial-reports.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.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued):

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

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.

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 2017, 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. For the year ended December 31, 2017, the Borough's contractually required contributions to PFRS plan was \$361,542.00.

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

Net Pension Liability and Pension Expense - At December 31, 2017 the Borough's proportionate share of the PFRS net pension liability was \$6,306,659.00. The net pension liability was measured as of June 30, 2017. 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, 2016,

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued):

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

to the measurement date of June 30, 2017. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Borough's proportion measured as of June 30, 2017, was 0.04085%, which was a decrease of 0.00167% from its proportion measured as of June 30, 2016.

Collective Balances at December 31, 2017 and December 31, 2016

	<u>12/31/2017</u>	<u>12/31/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 1,253,895	\$ 2,125,331
Deferred Inflows of Resources	1,278,658	53,243
Net Pension Liability	6,306,659	8,122,318
Borough's portion of the Plan's total net pension Liability	0.04085%	0.04252%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2017, the Borough's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2017 measurement date was \$571,970.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$361,542.00 to the plan in 2017.

At December 31, 2017, the Borough 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	\$ 40,914	\$ 37,015
Changes of Assumptions	777,681	1,032,846
Net Difference between Projected and Actual Earnings on Pension Plan Investments	120,346	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	314,954	208,797
	<u>\$ 1,253,895</u>	<u>\$ 1,278,658</u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued):

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

The Borough will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
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	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued):

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

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PFRS that will be recognized in future periods:

Year Ending		
<u>Dec 31,</u>	<u>Amount</u>	
2018	\$	159,588
2019		281,319
2020		26,000
2021		(337,327)
2022		(154,343)
		<u> </u>
	<u>\$</u>	<u>(24,763)</u>

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 PFRS net pension liability attributable to the Borough is \$706,399.00 as of December 31, 2017. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. The State's proportion of the net pension liability associated with the Borough was based on a projection of the Borough'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, 2017 was 0.04085%, which was a decrease of 0.00167% from its proportion measured as of June 30, 2016, which is the same proportion as the Borough's. At December 31, 2017, the Borough's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued):

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

Borough's Proportionate Share of Net Pension Liability	\$ 6,306,659
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	706,399
	<u>\$ 7,013,058</u>

At December 31, 2017, the State's proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2017 measurement date was \$86,409.00.

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:

Inflation	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%
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).

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued):

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

The actuarial assumptions used in the July 1, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued):

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

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 40% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.14%) or 1-percentage-point higher (7.14%) than the current rate:

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
Borough's Proportionate Share of the Net Pension Liability	\$ 8,309,543	\$ 6,306,659	\$ 4,661,062
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	930,739	706,399	522,078
	<u>\$ 9,240,282</u>	<u>\$ 7,013,058</u>	<u>\$ 5,183,140</u>

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Borough.

BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 10. Municipal Debt

The following schedule represents the Borough's summary of debt, as filed in the Borough's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 3,310,480.15	\$ 3,537,678.00	\$ 3,899,500.00
 Total Debt Issued	<u>3,310,480.15</u>	<u>3,537,678.00</u>	<u>3,899,500.00</u>
 Authorized but not issued:			
General:			
Bonds, Notes and Loans	2,182,672.00	923,700.00	990,047.00
 Total Authorized But Not Issued	<u>2,182,672.00</u>	<u>923,700.00</u>	<u>990,047.00</u>
 Total Gross Debt	<u><u>\$ 5,493,152.15</u></u>	<u><u>\$ 4,461,378.00</u></u>	<u><u>\$ 4,889,547.00</u></u>
 Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	54,536.77	253,749.00	646,231.03
Cash on Hand	-	69,342.77	-
 Total Deductions	<u>54,536.77</u>	<u>323,091.77</u>	<u>646,231.03</u>
 Total Net Debt	<u><u>\$ 5,438,615.38</u></u>	<u><u>\$ 4,138,286.23</u></u>	<u><u>\$ 4,243,315.97</u></u>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 5,125,000.00	\$ 5,125,000.00	\$ -
Regional School Debt	248,791.60	248,791.60	-
General Debt	5,493,152.15	54,536.77	5,438,615.38
	<u><u>\$ 10,866,943.75</u></u>	<u><u>\$ 5,428,328.37</u></u>	<u><u>\$ 5,438,615.38</u></u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 10. Municipal Debt (continued):

Net Debt \$5,438,615.38 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$1,633,698,807.33, equals 0.333%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2017 is calculated as follows:

Borrowing Power Under N.J.S. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 57,179,458.26
Net Debt	<u>5,438,615.38</u>
Remaining Borrowing Power	<u><u>\$ 51,740,842.88</u></u>

General Debt

A. Serial Bonds Payable

In 2009, the Borough issued \$6,330 000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2% to 4% and mature on 3/11/19.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 695,000.00	\$ 33,934.00	\$ 728,934.00
2019	710,000.00	11,538.00	721,538.00
	<u>\$ 1,405,000.00</u>	<u>\$ 45,472.00</u>	<u>\$ 1,450,472.00</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2017:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2017</u>
Fire Truck	3/21/2016	3/16/2018	2.000%	\$ 476,000.00
Roof/Garbage Truck	3/21/2016	3/16/2018	2.000%	319,047.00
Various Capital Improvements	3/17/2017	3/16/2018	2.000%	<u>923,700.00</u>
				<u><u>\$ 1,718,747.00</u></u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 10. Municipal Debt (continued):

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2017, the Borough had \$2,182,672.00 in various General Capital bonds and notes authorized but not issued.

D. Loans Payable

Green Acres Loan

In 2016 the Borough finalized one loan agreement with the State of New Jersey Department of Environmental Protection.

The loan consists of one agreement, a Trust Loan Agreement of \$195,000.00 to be repaid over a 20 year period at an interest rate of 2.00%. The proceeds of the loans are to provide for the Fair Haven Fields Improvements Project.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	9,131.75	2,993.97	12,125.72
2023-2027	48,486.85	12,141.75	60,628.60
2028-2032	53,559.66	7,068.95	60,628.61
2033-2036	40,792.10	1,647.92	42,440.02
	<u>\$ 186,733.15</u>	<u>\$ 37,592.71</u>	<u>\$ 224,325.86</u>

Note 11. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	<u>Balance December 31, 2017</u>	<u>2018 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55)	\$ 29,800.00	\$ 29,800.00	\$ -

BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 12. Deferred School Taxes

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local and regional school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	<u>Balance, December 31,</u>	
	<u>2017</u>	<u>2016</u>
Total Balance of Local Tax	\$ 7,313,064.97	\$ 6,810,889.97
Deferred Taxes	<u>3,200,000.00</u>	<u>3,200,000.00</u>
Local Tax Payable	<u>\$ 4,113,064.97</u>	<u>\$ 3,610,889.97</u>

<u>Regional Tax</u>	<u>Balance, December 31,</u>	
	<u>2017</u>	<u>2016</u>
Total Balance of Regional Tax	\$ 115,225.49	\$ 111,842.45
Deferred Taxes	<u>-</u>	<u>-</u>
Regional Tax Payable	<u>\$ 115,225.49</u>	<u>\$ 111,842.45</u>

Note 13. Deferred Compensation Salary Account

The Borough offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

Note 14. Accrued Sick, Vacation and Compensation Time

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation, sick pay and compensation time. The Borough permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$617,095.77 at December 31, 2017.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 14. Accrued Sick, Vacation and Compensation Time (continued):

The Borough has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2017, the Borough has reserved in the Other Trust Fund \$38,857.43 to fund compensated absences in accordance with NJSA 40A:4-39.

Note 15. 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.

Joint Insurance Pool

The Borough is a member of the Garden State Municipal Joint Insurance Fund. The Fund provides the Borough with the following coverage

Worker's Compensation	\$ 13,000,000.00
General Liability	\$ 15,000,000.00
Employer's Liability	\$ 13,000,000.00
Auto Liability	\$ 15,000,000.00
Property Damage	\$ 600,000.00
Fair Haven's Maximum limit per occurrence	\$ 6,831,348.00
Property/Boiler and Machinery	\$100,000,000.00
Auto Physical Damage	Total # vehicles reported/qualified for physical damage by member. 2017 – 27 vehicles
Valuation	Actual Cash Value
Employee Dishonesty Liability	\$1,000,000.00
Environmental Impairment Liability	\$1,000,000 per pollution condition/\$3,000,000 aggregate Member locations as scheduled by endorsement, per the scheduled of values.

Contributions to the Funds are payable in two installments and are based on actuarial assumptions determined by the Funds' actuaries. The Fund publishes its own financial report for the year ended December 31, 2017 which can be obtained on the Fund's website.

New Jersey Unemployment Compensation Insurance

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

<u>Year</u>	<u>Contributions</u>	<u>Amount</u>	
		<u>Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 5,526.51	\$ 1,742.75	\$ 35,203.32
2016	2,459.41	10,394.89	31,419.56
2015	7,737.68	758.90	39,355.04

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 16. Contingencies

Grantor Agencies

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2017 the Borough estimates that no material liabilities will result from such audits.

Litigation

The Borough is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Borough, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses.

As of December 31, 2017 there were certain tax appeals on file against the Borough related to 2015 through 2017 tax years. The Borough has estimated the potential exposure to the Borough from such appeals is approximately \$13,044.20.

Note 17. Length of Service Awards Program

The Borough's length of service awards program ("LOSAP") is reported in the Borough's trust fund Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents of the Borough come from contributions made solely by the governing body of the Borough, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The Borough elected to contribute \$1,150 for the year ended December 31, 2017 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2017, the Borough contributed a total of \$79,348.22 to the plan. Participants direct the investment of the

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 17. Length of Service Awards Program (continued):

contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

Participant Accounts - Each participant's account is credited with the Borough's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Borough has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the Borough's creditors until distributed as benefit payments, are not available for funding the operations of the Borough. The funds may also be used to pay the administrative fees charged by the Plan Administrator. Volunteer Firemen's Insurance Services, Inc. ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Borough's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

Payment of Benefits - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2017 payouts of \$30,898.97 were made to vested participants.

Plan Information - Additional information about the Borough's length of service awards program can be obtained by contacting the Plan Administrator.

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, 2017**

Balance, December 31, 2016		\$ 6,880,740.04
Increased By Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 45,767.99	
Taxes Receivable	31,698,428.97	
Revenue Accounts Receivable	1,752,119.52	
Due From:		
State of New Jersey - Senior Citizens' and Veterans' Deductions	29,000.00	
Trust Fund - Other Funds	356,758.54	
Trust Fund - Payroll Agency	12,819.60	
Due To State of New Jersey - Marriage Licenses	425.00	
Prepaid Taxes	4,604,989.26	
Outside Liens	644,326.49	
Insurance Premiums	3,569.55	
Grants Receivable	31,384.89	
		<u>39,179,589.81</u>
		46,060,329.85
Decreased By Disbursements:		
2017 Appropriations	7,395,249.94	
2016 Appropriation Reserves	289,629.13	
Due To State of New Jersey - Marriage Licenses	400.00	
Local District School Taxes	13,891,095.00	
Regional High School Taxes	5,647,586.96	
County Taxes	4,734,627.05	
Due To Trust Fund - Other Funds	446,267.22	
Due To General Capital Fund	487,516.07	
Outside Liens	822,902.38	
Refund of Prior Year Revenue	5,473.00	
Reserve for:		
Tax Appeals Pending	5,207.53	
Grants - Appropriated	31,239.58	
		<u>33,757,193.86</u>
Balance, December 31, 2017		<u><u>\$ 12,303,135.99</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2017 & 2016

\$ 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, 2017

Balance, December 31, 2016		\$	1,500.00
Increased By:			
Senior Citizens' Billings			
Per Duplicate	\$	2,250.00	
Veterans' Per Duplicate		26,750.00	
Senior Citizen Deductions Allowed			
by Tax Collector		<u>250.00</u>	
			<u>29,250.00</u>
			30,750.00
Decreased By:			
Cash Received From State of New Jersey		29,000.00	
Senior Citizens Deductions Disallowed			
by Tax Collector		<u>250.00</u>	
			<u>29,250.00</u>
Balance, December 31, 2017		\$	<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, 2017

<u>Year</u>	<u>Balance</u> <u>December 31,</u> <u>2016</u>	<u>2017</u> <u>Levy</u>	<u>Added</u>	<u>Collections</u> <u>2016</u> <u>2017</u>	<u>Due From</u> <u>State of</u> <u>New Jersey</u>	<u>Remitted</u> <u>Abated</u> <u>Cancelled</u>	<u>Balance</u> <u>December 31,</u> <u>2017</u>
2016	\$ 310,269.63	\$ -	\$ -	\$ -	\$ 280,288.77	\$ 9,198.63	\$ 20,782.23
2017	-	31,177,835.38	769,284.41	134,087.63	29,250.00	68,043.26	298,258.96
	\$ 310,269.63	\$ 31,177,835.38	\$ 769,284.41	\$ 134,087.63	\$ 29,250.00	\$ 77,241.89	\$ 319,041.19

Analysis of 2017 Tax Levy

Tax Yield:

General Purpose Tax	\$ 31,177,835.38
Added Taxes (54:4-63 et seq.)	769,284.41

Tax Levy:

Local District School Tax (Abstract)	\$ 31,947,119.79
Regional High School Tax (Abstract)	14,393,270.00
County Taxes:	5,650,970.00

County Tax (Abstract)	\$ 4,169,998.19
County Library Tax (Abstract)	292,202.92
County Open Space Fund	244,973.13
Due To County - Added and Omitted	117,004.22

4,824,178.46

24,868,418.46

Local Tax for Municipal Purposes
Add: Additional Tax Levied

6,365,669.72
713,031.61

7,078,701.33

\$ 31,947,119.79

Analysis of Current Revenue From Taxes

<u>2017</u> <u>Property Taxes</u>	<u>Delinquent</u> <u>Taxes</u>
--------------------------------------	-----------------------------------

Senior Citizens' and Veterans' Deductions Allowed (Net)	\$ -
Taxes Collected in 2017	280,288.77
Prepaid Taxes Applied	-
Net Revenue	\$ 280,288.77

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Balance December 31, <u>2016</u>	Accrued in <u>2017</u>	<u>Collections</u>	Balance December 31, <u>2017</u>
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ -	\$ 7,876.00	\$ 7,876.00	\$ -
Fees and Permits	-	52,188.00	52,188.00	-
Fines and Costs:				
Municipal Court	4,772.84	55,956.67	55,268.97	5,460.54
Interest and Costs on Taxes	-	59,653.93	59,653.93	-
Interest on Investments and Deposits	-	41,592.23	41,592.23	-
Cable Franchise Fees	-	98,876.05	98,876.05	-
Cell Tower Lease	-	92,570.50	92,570.50	-
Reserve for FEMA	-	81,526.44	81,526.44	-
Sale of Public Property	-	405,000.00	405,000.00	-
Monmouth County Open Space - FH Fields	-	30,000.00	30,000.00	-
Energy Receipts Tax	-	454,580.00	454,580.00	-
Uniform Construction Code Fees	106,176.51	281,265.00	387,439.51	2.00
Rumson Various Public Works Shared Service Agreement	-	75,970.00	75,970.00	-
Recycling Tonnage Grant	-	15,543.20	15,543.20	-
Clean Communities Program	-	25,075.87	25,075.87	-
Alcohol Education and Rehabilitation Fund	-	820.79	820.79	-
Drunk Driving Enforcement Fund	-	10,485.99	10,485.99	-
NJ Body Armor Grant	-	5,287.07	5,287.07	-
Uniform Fire Safety Act	-	2,884.05	2,884.05	-
Reserve to Pay Bonds & Notes	-	207,037.23	207,037.23	-
	<u>\$ 110,949.35</u>	<u>\$ 2,004,189.02</u>	<u>\$ 2,109,675.83</u>	<u>\$ 5,462.54</u>
Cash Receipts			\$ 1,752,119.52	
Reserve for FEMA			63,306.16	
Reserve to Pay Bonds & Notes			207,037.23	
Grants Receivable			<u>87,212.92</u>	
			<u><u>\$ 2,109,675.83</u></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, 2017**

Balance, December 31, 2016		\$	-
Increased By:			
Capital Improvement Fund	665,000.00		
Payment of Bond Anticipation Notes	<u>667,182.23</u>		
			<u>1,332,182.23</u>
			1,332,182.23
Decreased By:			
Interest Income	3,988.59		
Cash Disbursements	487,516.07		
Improvement Authorizations	<u>840,677.57</u>		
			<u>1,332,182.23</u>
Balance, December 31, 2017		\$	<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, 2017**

Balance, December 31, 2016			\$	-
Increased By:				
Cash Disbursements				<u>446,267.22</u>
				446,267.22
Decreased By:				
Payment in Current Fund	89,508.68			
Cash Receipts	<u>356,758.54</u>			
				<u>446,267.22</u>
Balance, December 31, 2017			\$	<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, 2017**

Balance, December 31, 2016	\$ 57,934.80
Increased By:	
Reserve for Grants:	
Appropriated	<u>31,384.89</u>
	89,319.69
Decreased By:	
Reserve for Grants - Appropriated	<u>31,239.58</u>
Balance, December 31, 2017	<u><u>\$ 58,080.11</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Description</u>	Balance December 31, <u>2016</u>	Anticipated in 2017 Current Fund Budget	<u>Received</u>	Transferred from <u>Unappropriated</u>	Balance December 31, <u>2017</u>
Monmouth County Open Space - FH Fields	\$ -	\$ 30,000.00	\$ -	\$ -	\$ 30,000.00
Clean Communities	-	25,075.87	11,518.14	13,557.73	-
Alcohol Education and Rehabilitation	-	820.79	579.06	241.73	-
Drunk Driving Enforcement Fund	-	10,485.99	-	10,485.99	-
Recycling Tonnage	-	15,543.20	15,543.20	-	-
NJ Body Armor	-	5,287.07	3,744.49	1,542.58	-
	\$ -	\$ 87,212.92	\$ 31,384.89	\$ 25,828.03	\$ 30,000.00

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
STATE GRANT FUND
SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Description</u>	Balance December 31, <u>2016</u>	Transferred From Current <u>Fund</u>	<u>Expended</u>	Balance December 31, <u>2017</u>
Clean Communities Program	\$ 11,657.25	\$ 25,075.87	\$ 26,764.20	9,968.92
FH Fields Buffer Restoration	-	30,000.00	-	30,000.00
Alcohol Education and Rehabilitation Fund	10,970.40	820.79	-	11,791.19
NJ Cultural Historical Grant	5,604.67	-	1,754.11	3,850.56
Drunk Driving Enforcement Fund	-	10,485.99	1,270.70	9,215.29
Body Armor Fund	3,874.45	5,287.07	-	9,161.52
Recycling Tonnage Grant	-	15,543.20	1,450.57	14,092.63
	<u>\$ 32,106.77</u>	<u>\$ 87,212.92</u>	<u>\$ 31,239.58</u>	<u>\$ 88,080.11</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, 2017**

<u>Description</u>	Balance December 31, <u>2016</u>	Appropriated in 2017 <u>Budget</u>	Balance December 31, <u>2017</u>
Clean Communities Program	\$ 13,557.73	\$ 13,557.73	\$ -
Body Armor Fund	1,542.58	1,542.58	-
Drunk Driving Enforcement Fund	10,485.99	10,485.99	-
Alcohol Education and Rehab Fund	241.73	241.73	-
	<hr/>		
	\$ 25,828.03	\$ 25,828.03	\$ -
	<hr/>		

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Balance</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Lapsed</u>
GENERAL GOVERNMENT				
General Administration:				
Salaries and Wages	\$ 4,502.00	\$ 4,502.00	\$ 4,000.00	\$ 502.00
Other Expenses	34,935.08	34,935.08	11,179.33	23,755.75
Municipal Clerk:				
Salaries and Wages	94.76	94.76	-	94.76
Other Expenses	8,937.58	8,937.58	5,499.78	3,437.80
Mayor & Council:				
Other Expenses	1,160.33	1,160.33	-	1,160.33
Financial Administration (Treasury):				
Salaries and Wages	63.14	63.14	-	63.14
Other Expenses	1,333.01	1,333.01	1,122.60	210.41
Audit Services	3,000.00	3,000.00	1,000.00	2,000.00
Revenue Administration (Tax Collection):				
Salaries and Wages	3,426.80	3,426.80	-	3,426.80
Other Expenses	511.32	511.32	511.06	0.26
Tax Assessment Administration:				
Salaries and Wages	669.92	669.92	-	669.92
Other Expenses	9,185.60	9,185.60	1,248.00	7,937.60
Legal Services (Legal Department):				
Other Expenses	9,536.51	9,536.51	3,200.00	6,336.51
Engineering Services:				
Salaries and Wages	11,845.31	11,845.31	5,000.00	6,845.31
Other Expenses	10,003.29	10,003.29	2,301.94	7,701.35
Insurance:				
General Liability	142.00	142.00	-	142.00
Employee Group Health	585.77	585.77	-	585.77
Health Waivers	189.05	189.05	-	189.05
LAND USE ADMINISTRATION				
Planning Board:				
Salaries and Wages	575.58	575.58	-	575.58
Other Expenses	38,252.27	38,252.27	6,840.60	31,411.67
Zoning Board of Adjustment:				
Salaries and Wages	529.52	529.52	-	529.52
Other Expenses	6,080.27	6,080.27	2,307.26	3,773.01
Zoning Officer:				
Salaries and Wages	15.56	15.56	-	15.56
Other Expenses	381.85	381.85	366.83	15.02
PUBLIC SAFETY				
Police Department:				
Salaries and Wages	4,800.29	4,800.29	-	4,800.29
Other Expenses	17,758.24	17,758.24	15,497.11	2,261.13
Historic Preservation Committee:				
Other Expenses	200.00	200.00	-	200.00
Office of Emergency Management:				
Other Expenses	2,213.00	2,213.00	1,761.44	451.56
Aid To Volunteer Fire Companies:				
Other Expenses	37,789.28	37,789.28	33,090.38	4,698.90
Aid To Volunteer Fire Companies - Police:				
Other Expenses	3,467.78	3,467.78	2,622.10	845.68

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Balance</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Lapsed</u>
First Aid Organization:				
Other Expenses	3,771.62	3,771.62	3,617.58	154.04
Municipal Prosecutor's Office:				
Salaries and Wages	42.96	42.96	-	42.96
Water Rescue:				
Other Expenses	5,295.07	5,295.07	2,900.43	2,394.64
PUBLIC WORKS				
Streets and Road Maintenance:				
Salaries and Wages	80,415.17	80,415.17	-	80,415.17
Other Expenses	8,050.95	8,050.95	1,435.75	6,615.20
Shade Tree Commission:				
Other Expenses	5,452.50	5,452.50	-	5,452.50
Solid Waste Collection:				
Salaries and Wages	53,258.21	53,258.21	15,979.55	37,278.66
Recycling Program:				
Salaries and Wages	17,000.00	17,000.00	-	17,000.00
Other Expenses	154,385.80	154,385.80	21,232.00	133,153.80
Buildings and Grounds:				
Other Expenses	92,196.09	92,196.09	34,905.68	57,290.41
Vehicle Maintenance:				
Salaries and Wages	3,263.62	3,263.62	-	3,263.62
Other Expenses	9,736.13	9,736.13	6,663.29	3,072.84
HEALTH AND WELFARE				
Board of Health:				
Other Expenses	5,632.00	5,632.00	-	5,632.00
Environmental Health Services:				
Other Expenses	140.00	140.00	-	140.00
RECREATION AND EDUCATION				
Board of Recreation Commissioners:				
Other Expenses	3,342.65	3,342.65	371.86	2,970.79
Maintenance of Parks and Playgrounds:				
Other Expenses	6,911.19	6,911.19	4,339.64	2,571.55
CODE ENFORCEMENT AND ADMINISTRATION				
Code Enforcement:				
Salaries and Wages	368.59	368.59	-	368.59
Other Expenses	1,165.00	1,165.00	200.00	965.00
Municipal Court:				
Salaries and Wages	2,770.96	2,770.96	-	2,770.96

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Balance</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Lapsed</u>
UNCLASSIFIED				
Utilities:				
Fire Hydrant Service	1,530.85	1,530.85	-	1,530.85
Electricity	4,934.13	4,934.13	3,668.87	1,265.26
Street Lighting	12,679.08	12,679.08	7,083.94	5,595.14
Telephone	5,688.48	5,688.48	2,026.95	3,661.53
Water	3,023.16	3,023.16	913.12	2,110.04
Gas (natural or propane)	5,063.54	5,063.54	5,012.79	50.75
Fuel Oil	18,531.15	18,531.15	-	18,531.15
Gasoline	19,303.51	19,303.51	1,496.25	17,807.26
Landfill/Solid Waste Disposal Costs	26,067.61	26,067.61	1,266.38	24,801.23
Salary and Wage Adjustment	15,000.00	15,000.00	-	15,000.00
STATUTORY EXPENDITURES				
Contribution To:				
Social Security System	38,551.67	38,551.67	-	38,551.67
Contingent	3,000.00	3,000.00	-	3,000.00
Aid To Library:				
Salaries and Wages	475.72	475.72	51.78	423.94
LOSAP	78,000.00	78,000.00	78,000.00	-
Recycling Tax	2,761.11	2,761.11	587.73	2,173.38
Interlocal Services Agreement -				
County of Monmouth - 911	18.60	18.60	-	18.60
Monmouth County Records Management	3,200.00	3,200.00	-	3,200.00
Rumson Various Public Works Shared Services	925.00	925.00	-	925.00
Rumson Court Shared Services	7,646.40	7,646.40	-	7,646.40
Construction	152.00	152.00	-	152.00
Animal Control	522.90	522.90	329.44	193.46
RFH Custodial ILSA	2,774.00	2,774.00	-	2,774.00
RFH Tech ILSA	3,263.75	3,263.75	1,406.25	1,857.50
Total General Appropriations	<u>\$ 918,496.28</u>	<u>\$ 918,496.28</u>	<u>\$ 291,037.71</u>	<u>\$ 627,458.57</u>
Appropriation Reserves		\$ 608,793.88		
Encumbrances Payable		<u>309,702.40</u>		
		<u>\$ 918,496.28</u>		
Cash Disbursements			\$ 289,629.13	
Accounts Payable			<u>1,408.58</u>	
			<u>\$ 291,037.71</u>	

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 309,702.40
Increased By:	
Transferred From Current	
Appropriations	<u>217,923.55</u>
	527,625.95
Decreased By:	
Transferred To Appropriation Reserves	<u>309,702.40</u>
Balance, December 31, 2017	<u><u>\$ 217,923.55</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, 2017**

Balance, December 31, 2016	\$ 50.00
Increased By:	
Cash Receipts	<u>425.00</u>
	475.00
Decreased By:	
Cash Disbursements	<u>400.00</u>
Balance, December 31, 2017	<u><u>\$ 75.00</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 134,087.63
Increased By:	
Cash Receipts	<u>4,604,989.26</u>
	4,739,076.89
Decreased By:	
Applied To Taxes Receivable	<u>134,087.63</u>
Balance, December 31, 2017	<u><u>\$ 4,604,989.26</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 14,489.54
Increased By:	
Transferred from Taxes	<u>14,144.23</u>
	28,633.77
Decreased By:	
Applied to Taxes	<u>14,489.54</u>
Balance, December 31, 2017	<u><u>\$ 14,144.23</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, 2017**

Balance, December 31, 2016			
School Tax Payable	\$	3,610,889.97	
School Tax Deferred		<u>3,200,000.00</u>	
	\$		6,810,889.97
Increased By:			
Levy - School Year, July 1, 2017 - June 30, 2018			<u>14,393,270.00</u>
			21,204,159.97
Decreased By:			
Cash Disbursed			<u>13,891,095.00</u>
Balance, December 31, 2017			
School Tax Payable		4,113,064.97	
School Tax Deferred		<u>3,200,000.00</u>	
	\$		<u><u>7,313,064.97</u></u>
2017 Liability for Local District Tax			
Tax Payable, December 31, 2017		4,113,064.97	
Tax Paid		<u>13,891,095.00</u>	
	\$		18,004,159.97
Less:			
Tax Payable, December 31, 2016			<u>3,610,889.97</u>
Amount Charged To 2017 Operations			<u><u>\$ 14,393,270.00</u></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, 2017**

Balance, December 31, 2016	\$ 111,842.45
Increased By:	
Levy Calendar Year 2017	<u>5,650,970.00</u>
	5,762,812.45
Decreased By:	
Cash Disbursed	<u>5,647,586.96</u>
Balance, December 31, 2017	<u><u>\$ 115,225.49</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		\$ 27,452.81
Increased By:		
County Taxes	\$ 4,169,998.19	
County Library Taxes	292,202.92	
Open Space Preservation	244,973.13	
Added and Omitted	<u>117,004.22</u>	
		<u>4,824,178.46</u>
		4,851,631.27
Decreased By:		
Cash Disbursed		<u>4,734,627.05</u>
Balance, December 31, 2017		<u><u>\$ 117,004.22</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, 2017**

Balance, December 31, 2016	\$ 18,251.73
Decreased By:	
Cash Disbursements	<u>5,207.53</u>
Balance, December 31, 2017	<u><u>13,044.20</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, 2017**

Balance, December 31, 2016	\$ 287,995.01
Increased By:	
Cash Receipts	<u>644,326.49</u>
	932,321.50
Decreased By:	
Cash Disbursements	<u>822,902.38</u>
Balance, December 31, 2017	<u><u>\$ 109,419.12</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, 2017**

Balance, December 31, 2016	\$ -
Increased By:	
Interest on Investments	<u>12,819.60</u>
	12,819.60
Decreased By:	
Cash Receipts	<u>12,819.60</u>
Balance, December 31, 2017	<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, 2017**

Balance, December 31, 2016	\$ 68,181.16
Decreased By:	
Utilized in Budget	<u>63,306.16</u>
Balance, December 31, 2017	<u><u>\$ 4,875.00</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, 2017**

	Animal Control Trust Fund	Payroll Agency	Other Trust Funds
Balance, December 31, 2016	\$ 5,510.03	\$ 10,375.20	\$ 888,325.71
Increased By Receipts:			
Interest Earned	\$ 324.00	\$ -	-
Dog License Fees	2,578.40	-	-
Miscellaneous License Fees	231.46	-	-
Due To:			
State of New Jersey	384.60	-	-
Current Fund	-	12,819.60	446,267.22
Various Reserves	-	-	490,246.70
Payroll Deductions Payable	-	1,162,653.20	-
	<u>3,518.46</u>	<u>1,175,472.80</u>	<u>936,513.92</u>
	9,028.49	1,185,848.00	1,824,839.63
Decreased By Disbursements:			
Due To:			
State of New Jersey	384.60	-	-
Current Fund	-	12,819.60	446,267.22
Various Reserves	-	-	454,193.77
Payroll Deductions Payable	-	1,160,017.24	-
	<u>384.60</u>	<u>1,172,836.84</u>	<u>900,460.99</u>
Balance, December 31, 2017	<u>\$ 8,643.89</u>	<u>\$ 13,011.16</u>	<u>\$ 924,378.64</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, 2017**

Balance, December 31, 2016		\$ 5,510.03
Increased By:		
Dog License Fees Collected	2,578.40	
Cat License Fees Collected	324.00	
Late Fees Collected	190.00	
Interest	41.46	
		<u>3,133.86</u>
		8,643.89
Decreased By:		
Due To Current Fund:		
Statutory Excess		<u>3,176.69</u>
Balance, December 31, 2017		<u><u>\$ 5,467.20</u></u>

License Fees Collected

2015	\$ 2,850.80
2016	<u>2,616.40</u>
	<u><u>\$ 5,467.20</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, 2017**

Balance, December 31, 2016	\$ -
Increased By:	
Cash Receipts	<u>384.60</u>
	384.60
Decreased By:	
Cash Disbursements	<u>384.60</u>
Balance, December 31, 2017	<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, 2017**

Balance, December 31, 2016	\$ -
Increased By:	
Disbursements Made in Current Fund	<u>446,267.22</u>
	446,267.22
Decreased By:	
Payment To Current Fund	<u>446,267.22</u>
Balance, December 31, 2017	<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, 2017**

	Balance, December 31, <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2017</u>
Reserve for:				
Engineering Fees	\$ 178,101.95	\$ 130,249.89	\$ 91,536.37	\$ 216,815.47
Accumulated Sick and Vacation	38,857.43	-	-	38,857.43
Historic Fisk Chapel	13,740.06	1,175.00	12,886.28	2,028.78
Recreation Community Appeals	35,602.14	15,625.00	32,263.14	18,964.00
Recreation General Programs	56,865.79	66,891.90	76,257.00	47,500.69
Unemployment Compensation Fund	31,419.56	5,526.51	1,742.75	35,203.32
Recycling	23,190.98	2,497.40	16,437.48	9,250.90
Law Enforcement Trust Fund	848.97	2,591.30	-	3,440.27
Clock Donations	150.00	-	-	150.00
Public Defender Trust Fund	773.00	600.00	450.00	923.00
Police Equipment	1,768.00	1,836.23	1,935.00	1,669.23
P.O.A.A.	1,094.27	8.00	-	1,102.27
Veterans Memorial	1,749.77	-	-	1,749.77
Officer Extra Duty Pay	97.50	72,685.00	72,684.50	98.00
Cash Performance	439,334.10	112,067.61	132,353.23	419,048.48
FH Fields Nature Area	12,185.15	-	-	12,185.15
Snow Removal	16,478.22	43,306.16	14,315.52	45,468.86
Shade Tree Donations	14,237.82	5,875.00	1,332.50	18,780.32
Parking Fund	-	19,500.00	-	19,500.00
Sidewalk Escrow	21,831.00	9,811.70	-	31,642.70
	<u>\$ 888,325.71</u>	<u>\$ 490,246.70</u>	<u>\$ 454,193.77</u>	<u>\$ 924,378.64</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, 2017**

Balance, December 31, 2016		\$	-
Increased By:			
Interest Earned	223.60		
Disbursements Made in Current Fund	<u>12,596.00</u>		
			<u>12,819.60</u>
			12,819.60
Decreased By:			
Cash Disbursement			<u>12,819.60</u>
Balance, December 31, 2017		\$	<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, 2017**

Balance, December 31, 2016	\$ 10,375.20
Increased By:	
Cash Receipts	<u>1,162,653.20</u>
	1,173,028.40
Decreased By:	
Cash Disbursements	<u>1,160,017.24</u>
Balance, December 31, 2017	<u><u>\$ 13,011.16</u></u>

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARD PROGRAM ("LOSAP")
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Balance, December 31, 2016			\$ 786,911.38
Increased By:			
Borough Contributions	\$ 81,650.00		
Investment Earnings	<u>20,052.92</u>		
		<u>101,702.92</u>	
			888,614.30
Decreased By:			
Withdrawals	30,898.97		
Administrative Fees	<u>1,775.00</u>		
		<u>32,673.97</u>	
Balance, December 31, 2017			<u><u>\$ 855,940.33</u></u>

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARD PROGRAM ("LOSAP")
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017

Balance, December 31, 2016			\$ 786,911.38
Increased By:			
Borough Contributions	\$ 81,650.00		
Investment Earnings	<u>20,052.92</u>		
		<u>101,702.92</u>	
			888,614.30
Decreased By:			
Withdrawals	30,898.97		
Administrative Fees	<u>1,775.00</u>		
		<u>32,673.97</u>	
Balance, December 31, 2017			<u><u>\$ 855,940.33</u></u>

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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, 2017**

Balance, December 31, 2016		\$ 743,986.38
Increased By:		
Due From:		
Monmouth County	\$ 250,000.00	
Interest Income	3,988.59	
Due to Current Fund	487,516.07	
Due from Trust Other	7,000.00	
	<u>748,504.66</u>	
		1,492,491.04
Decreased By:		
Due from Trust Other	7,000.00	
Reserve for Payment of Bonds	207,037.23	
	<u>214,037.23</u>	
Balance, December 31, 2017		<u><u>\$ 1,278,453.81</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, 2017**

	Balance December 31, <u>2017</u>
Fund Balance	\$ 6,156.99
Due From:	
Monmouth County	(340,000.00)
State of New Jersey	(200,000.00)
Rumson Fair Haven Regional BOE	(170,000.00)
Encumbrances Payable	581,290.77
Capital Improvement Fund	389,235.00
Reserve For The Payment of Bonds and Notes	54,536.77
 <u>Ordinance</u>	
<u>Number</u>	<u>Improvement Description</u>
12-01	Fair Haven Fields
14-20	Sidewalk Improvements
15-16	Roof/Garbage Truck
16-02	Waterfront Navesink
16-14	Various Equipment & Infrastructure
17-06	Various Equipment/Improvements
17-07	Various Improvements
	<u>(144,073.71)</u>
	<u><u>\$ 1,278,453.81</u></u>

**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, 2017**

Balance, December 31, 2016	\$ 2,275,000.00
Decreased By:	
2017 Budget Appropriations	
To Pay Bonds and Loans	<u>683,266.85</u>
Balance, December 31, 2017	<u><u>\$ 1,591,733.15</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, 2017**

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2016</u>	Appropriations	BAN Paydowns	Balance December 31, <u>2017</u>	Bond Anticipation <u>Notes</u>	<u>Expended</u>	<u>Analysis of Balance</u>
09-20	Acquisition of DeNormandie	\$ 203,288.23	\$ -	\$ 203,288.23	\$ -	\$ -	-	-
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	-	-
17-07	Various Capital Improvements	-	2,182,672.00	-	2,182,672.00	-	144,073.71	2,038,598.29
		<u>\$ 1,922,035.23</u>	<u>\$ 2,182,672.00</u>	<u>\$ 203,288.23</u>	<u>\$ 3,901,419.00</u>	<u>\$ 1,718,747.00</u>	<u>\$ 144,073.71</u>	<u>\$ 2,038,598.29</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, 2017 AND 2016

Balance, December 31, 2016	\$ 590,000.00
Decreased By:	
Cash Receipts	<u>250,000.00</u>
Balance, December 31, 2017	<u><u>\$ 340,000.00</u></u>
Analysis of Grants:	
Monmouth County Municipal Open Space Grant	<u>\$ 340,000.00</u>
	<u><u>\$ 340,000.00</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2017 and 2016

\$ 200,000.00

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Purpose</u>	<u>Original Issue</u>		<u>Maturities of</u> <u>Bonds Outstanding</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u>		<u>Balance</u> <u>December 31,</u> <u>2017</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>		<u>December 31,</u> <u>2016</u>	<u>Decreased</u>	
General Obligation Bonds	03/11/09	\$ 6,330,000.00	2018	695,000.00	3.125%	\$ 2,080,000.00	\$ 675,000.00	\$ 1,405,000.00
			2019	710,000.00	3.250%			
						<u>\$ 2,080,000.00</u>	<u>\$ 675,000.00</u>	<u>\$ 1,405,000.00</u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 195,000.00
Decreased By:	
Payment of Principal on Loan	<u>8,266.85</u>
Balance, December 31, 2017	<u><u>\$ 186,733.15</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance December 31, 2016		Authorized	Transfer From Encumbrances	Paid or Charged	Transfer To Encumbrances	Balance December 31, 2017	
				Funded	Unfunded					Funded	Unfunded
06-06	Various Improvements	12/16/06	\$ 2,557,500.00	\$ -	\$ -	\$ -	\$ 5,235.91	\$ 5,235.91	\$ -	\$ -	\$ -
12-01	Fair Haven Fields	03/01/12	295,250.00	30,127.79	-	-	-	11,104.00	5,346.00	13,677.79	-
12-12	Various Equipment, Infrastructure	10/09/12	215,000.00	-	-	-	-	-	202.90	-	-
13-08	Various Equipment & Infrastructure	06/24/13	184,858.00	-	-	-	-	-	1,935.02	-	-
14-06	Various Capital Improvements	09/08/14	215,000.00	-	-	-	-	4,993.29	6.71	-	-
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	-	92.89	-	-	-	-	-	-
15-12	Various Improvements	09/28/15	215,000.00	9,999.93	-	-	-	92.89	-	-	-
15-16	Roof/Garbage Truck	10/13/15	335,000.00	-	-	-	-	43,971.52	10,313.15	-	-
16-02	Waterfront Navesink	02/08/16	250,000.00	250,000.00	-	-	-	903.50	-	-	141,877.23
16-12	Various Equipment/Improvements	06/27/16	215,000.00	215,000.00	-	-	-	-	-	250,000.00	-
16-14	Various Equipment & Infrastructure	09/12/16	1,140,000.00	216,300.00	923,700.00	-	-	-	215,000.00	-	-
17-06	Various Equipment/Improvements	05/22/17	215,000.00	-	-	-	-	694,787.57	92,475.41	-	352,737.02
17-07	Various Improvements	07/10/17	2,297,550.00	-	-	215,000.00	-	42,111.43	19,197.62	153,690.95	-
				-	-	2,297,550.00	-	22,137.75	236,813.96	-	2,038,598.29
				\$ 910,810.74	\$ 1,066,573.62	\$ 2,512,550.00	\$ 71,940.26	\$ 840,677.57	\$ 581,290.77	\$ 606,693.74	\$ 2,533,212.54

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 54,113.00
Increased By:	
2017 Budget Appropriations	<u>665,000.00</u>
	719,113.00
Decreased By:	
Improvement Authorizations	<u>329,878.00</u>
Balance, December 31, 2017	<u><u>\$ 389,235.00</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 71,940.26
Increased By:	
Improvement Authorizations	<u>581,290.77</u>
	653,231.03
Decreased By:	
Cash Disbursements	<u>71,940.26</u>
Balance, December 31, 2017	<u><u>\$ 581,290.77</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, 2017**

Balance, December 31, 2016		\$	-
Increased By:			
Interest Income	3,988.59		
Cash Receipts	487,516.07		
Improvement Authorizations	840,677.57		
			<u>1,332,182.23</u>
			1,332,182.23
Decreased By:			
Capital Improvement Fund	665,000.00		
Payment of Bond Anticipation Notes	667,182.23		
			<u>1,332,182.23</u>
Balance, December 31, 2017		\$	<u><u>-</u></u>

**BOROUGH OF FAIR HAVEN
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2017**

<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, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2017</u>
09-20	Acquisition of DeNormandie	09/23/14	\$ 1,159,500.00	09/23/14	03/16/18	2.00%	\$ 272,631.00	\$ -	\$ 272,631.00	\$ -
16-11	Fair Haven Fields	03/21/16	195,000.00	03/21/16	03/16/18	2.00%	195,000.00	-	195,000.00	-
14-05	Fire Truck	03/21/16	476,000.00	03/21/16	03/16/18	2.00%	476,000.00	476,000.00	476,000.00	476,000.00
14-20	Roof/Garbage Truck	03/21/16	319,047.00	03/21/16	03/16/18	2.00%	319,047.00	319,047.00	319,047.00	319,047.00
16-14	Various Capital Improvements	03/17/17	923,700.00	03/17/17	03/16/18	2.00%	-	923,700.00	-	923,700.00
Total							\$ 1,262,678.00	\$ 1,718,747.00	\$ 1,262,678.00	\$ 1,718,747.00

**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, 2017**

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2017</u>
16-14	Various Equipment & Infrastructure	\$ 923,700.00	\$ -	\$ 923,700.00	\$ -
17-07	Various Capital Improvements	<u>-</u>	<u>2,182,672.00</u>	<u>-</u>	<u>2,182,672.00</u>
		<u>\$ 923,700.00</u>	<u>\$ 2,182,672.00</u>	<u>\$ -</u>	<u>\$ 2,182,672.00</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, 2017**

Balance, December 31, 2017 & 2016

\$ 170,000.00

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE TO TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ -
Increased By:	
Cash Disbursements	<u>7,000.00</u>
	7,000.00
Decreased By:	
Cash Receipts	<u>7,000.00</u>
Balance, December 31, 2017	<u><u>\$ -</u></u>

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, 2017**

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
Land	\$ 17,213,846.00	\$ -	\$ -	\$ 17,213,846.00
Buildings	1,381,862.50	-	-	1,381,862.50
Equipment	3,729,757.38	217,743.25	-	3,947,500.63
Improvements	673,107.92	-	-	673,107.92
	<u>\$ 22,998,573.80</u>	<u>\$ 217,743.25</u>	<u>\$ -</u>	<u>\$ 23,216,317.05</u>

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COMMENTS AND RECOMMENDATIONS

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BOROUGH OF FAIR HAVEN

PART II

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -
GOVERNMENT AUDITING STANDARDS**

FOR THE YEAR ENDED DECEMBER 31, 2017

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**BOROUGH OF FAIR HAVEN
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

**BOROUGH OF FAIR HAVEN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

FEDERAL AWARDS

N/A – No Federal Single Audit in prior year.

STATE FINANCIAL ASSISTANCE

N/A – No State Single Audit in prior year.

BOROUGH OF FAIR HAVEN

PART III

LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2017:

<u>Name of Official</u>	<u>Title</u>
Benjamin Lucarelli	Mayor
Jonathan Peters	Council President
Eric R. Jaeger	Council Member
Christopher Rodriguez	Council Member
Betsy Koch	Council Member
Susan A. Sorensen	Council Member
Robert A. Marchese	Council Member
Theresa Casagrande	Borough Administrator
Allyson Cinquegrana	Clerk
Colleen Lapp	Chief Financial Officer
Judy Vassallo	Tax Collector
James Newman	Judge
Carol A. Dice	Court Administrator
Salvatore Alfieri	Attorney
Gregory T. Hutchinson	Assessor



HOLMAN | FRENIA
ALLISON, P.C.

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

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 ended December 31, 2017.

GENERAL COMMENTS:

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

N.J.S.A.40A:11-4 states 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 the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the year ended December 31, 2017.

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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold "for the performance of any work, or the furnishing of any materials, supplies or labor" 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*.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, 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 3, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and

BE IT FURTHER RESOLVED, by the Council of the Borough of Fair Haven, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and

BE IT FURTHER RESOLVED, by the Council of the Borough of Fair Haven, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to 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.

OTHER COMMENTS (FINDINGS):

None.

RECOMMENDATIONS:

None.

Appreciation

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

June 22, 2018
Freehold, New Jersey