

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
AUDIT REPORT FOR THE YEAR ENDED
DECEMBER 31, 2020**

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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, 2020**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Fair Haven
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, 2020 and 2019, and the related statement of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

As discussed in Note 1 to the financial statements, the Borough prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough, as of December 31, 2020 and 2019, 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, 2020 and 2019, 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, statement of expenditures - regulatory basis, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2020 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 referred to in the first paragraph as a whole. 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 is 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.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2021 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 effectiveness of the Borough's 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,

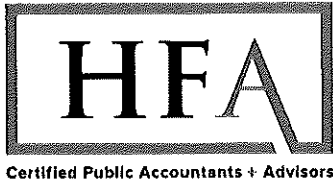
HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Allison', written over a horizontal line.

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

Lakewood, New Jersey
August 23, 2021

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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
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, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated August 23, 2021. 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.

A handwritten signature in black ink, appearing to read 'Robert W. Allison', written over a horizontal line.

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

Lakewood, New Jersey
August 23, 2021

FINANCIAL STATEMENTS

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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, 2020 AND 2019**

<u>Assets</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Current Fund:			
Cash	A-4	\$ 7,474,090.70	\$ 7,407,660.00
Change Fund	A-5	400.00	400.00
Due from State of New Jersey - Senior & Vets	A-6	1,500.00	1,750.00
		<u>7,475,990.70</u>	<u>7,409,810.00</u>
Receivables With Full Reserves:			
Taxes Receivable	A-7	125,191.76	142,511.20
Revenue Accounts Receivable	A-8	1,492.41	5,025.02
		<u>126,684.17</u>	<u>147,536.22</u>
Deferred Charges:			
Emergency Authorization	A-25	150,000.00	-
Total Current Fund		<u>7,752,674.87</u>	<u>7,557,346.22</u>
State Grant Fund:			
Due From Current Fund	A-10	39,431.44	20,448.64
State Grants Receivable	A-11	30,000.00	36,591.15
Total State Grant Fund		<u>69,431.44</u>	<u>57,039.79</u>
Total Assets		<u>\$ 7,822,106.31</u>	<u>\$ 7,614,386.01</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, 2020 AND 2019**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Current Fund:			
Appropriation Reserves	A-3	\$ 626,313.42	\$ 599,866.53
Encumbrances Payable	A-16	296,665.15	330,088.75
Accounts Payable	A-15	20,798.11	28,198.11
Emergency Notes Payable	A	150,000.00	-
Due To:			
State Grant Fund	A-10	39,431.44	20,448.64
State of New Jersey - Marriage Licenses	A-17	225.00	75.00
Prepaid Taxes	A-18	126,259.74	174,998.70
Tax Overpayments	A-19	530.13	11,395.42
Local District School Tax Payable	A-20	3,917,506.97	4,108,625.97
Regional High School Tax Payable	A-21	85,074.66	40,720.49
County Taxes Payable	A-22	25,052.59	45,682.59
Reserve for:			
Tax Title Liens Premiums	A-14	72,800.00	73,900.00
Tax Appeals Pending	A-23	86,758.81	72,562.82
Insurance Reimbursements	A-9	28,798.44	29,247.96
Outside Liens	A-24	907.04	630.00
		<u>5,477,121.50</u>	<u>5,536,440.98</u>
Reserve for Receivables and Other Assets	A	126,684.17	147,536.22
Fund Balance	A-1	<u>2,148,869.20</u>	<u>1,873,369.02</u>
Total Current Fund		<u>7,752,674.87</u>	<u>7,557,346.22</u>
State Grant Fund:			
Reserve for Grants:			
Encumbrances Payable	A-12	6,046.00	299.00
Appropriated	A-12	52,289.20	56,740.79
Unappropriated	A-13	11,096.24	-
Total State Grant Fund		<u>69,431.44</u>	<u>57,039.79</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 7,822,106.31</u>	<u>\$ 7,614,386.01</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 1,060,000.00	\$ 1,355,000.00
Miscellaneous Revenue Anticipated	1,250,880.10	1,203,314.04
Receipts From Delinquent Taxes	142,859.15	264,094.32
Non-Budget Revenues	63,947.30	66,866.15
Receipts From Current Taxes	33,845,680.10	32,824,861.05
Appropriation Reserves Lapsed	536,507.14	392,410.87
Statutory Excess - Animal Control Fund	-	2,100.62
	<hr/>	<hr/>
Total Revenues	36,899,873.79	36,108,647.05
	<hr/>	<hr/>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	3,092,508.00	3,032,677.00
Other Expenses	4,004,331.54	3,832,746.44
Deferred Charges and Statutory Expenditures	739,638.00	717,250.00
Capital Improvements	835,000.00	325,000.00
Municipal Debt Service	470,507.48	1,012,712.23
Local District School Tax	15,419,043.00	14,880,539.00
Regional High School Tax	6,047,779.00	6,037,824.00
County Taxes	5,078,391.05	5,091,953.08
County Share of Added Taxes	25,052.59	45,682.59
Prior Year Senior and Vets Disallowed	347.95	500.00
Refund Prior Year Revenue	1,775.00	-
	<hr/>	<hr/>
Total Expenditures	35,714,373.61	34,976,884.34
	<hr/>	<hr/>
Excess in Revenue	1,185,500.18	1,131,762.71
	<hr/>	<hr/>
Adjustment To Income Before Fund Balance:		
Expenditures Included Above Which Are		
By Statute Deferred Charges To Budget		
of Succeeding Year	150,000.00	-
	<hr/>	<hr/>
Statutory Excess	1,335,500.18	1,131,762.71
	<hr/>	<hr/>
Fund Balance, January 1	1,873,369.02	2,096,606.31
	<hr/>	<hr/>
	3,208,869.20	3,228,369.02
Decreased By:		
Utilization as Anticipated Revenue	1,060,000.00	1,355,000.00
	<hr/>	<hr/>
Fund Balance, December 31	<u>\$ 2,148,869.20</u>	<u>\$ 1,873,369.02</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 2020 REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	\$ 1,060,000.00	\$ 1,060,000.00	\$ -
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	7,500.00	7,876.00	376.00
Fees and Permits	40,000.00	59,512.00	19,512.00
Fines and Costs:			
Municipal Court	47,500.00	34,600.16	(12,899.84)
Interest and Costs on Taxes	60,000.00	50,798.21	(9,201.79)
Interest on Investments and Deposits	50,000.00	83,285.88	33,285.88
Cable Franchise Fees	96,477.00	96,477.20	0.20
Cell Tower Lease	90,000.00	99,384.64	9,384.64
FEMA			-
Energy Receipts Tax	454,580.00	454,580.00	-
Uniform Construction Code Fees	195,000.00	292,995.00	97,995.00
Reserve to Pay Bonds & Notes	2,500.00	2,500.00	-
Rumson Various Public Works Shared Service Agreement	60,000.00	54,870.00	(5,130.00)
Recycling Tonnage Grant	8,664.29	8,664.29	-
Alcohol Education and Rehabilitation Fund	1,000.25	1,000.25	-
Uniform Fire Safety Act	3,500.00	4,336.47	836.47
Total Miscellaneous Revenues	<u>1,116,721.54</u>	<u>1,250,880.10</u>	<u>134,158.56</u>
Receipts From Delinquent Taxes	<u>125,000.00</u>	<u>142,859.15</u>	<u>17,859.15</u>
Amount To Be Raised By Taxes for Support of Municipal Budget	<u>7,250,288.00</u>	<u>7,810,414.46</u>	<u>560,126.46</u>
Budget Revenues	<u>9,552,009.54</u>	<u>10,264,153.71</u>	<u>712,144.17</u>
Non-Budget Revenues	<u>-</u>	<u>63,947.30</u>	<u>63,947.30</u>
	<u>\$ 9,552,009.54</u>	<u>\$ 10,328,101.01</u>	<u>\$ 776,091.47</u>
<u>Allocation of Current Tax Revenues</u>			
Allocation of Current Tax Collections:			
Revenue From Collections		\$ 33,845,680.10	
Allocation To School, Open Space and County Taxes		<u>26,570,265.64</u>	
Balance for Support of Municipal Budget Appropriations		7,275,414.46	
Add: Appropriation "Reserve for Uncollected Taxes"		<u>535,000.00</u>	
Amount for Support of Municipal Budget Appropriations		<u>\$ 7,810,414.46</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 2020 REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Analysis of Non-Budget Revenues

Police Reports	\$ 754.10
Certified Copies	630.00
Certified Property List	400.00
Copies	20.00
Reimbursements	105.00
Sidewalk Program	2,871.55
Motor Vehicle Inspection Fines	550.00
Towing Operator	450.00
Recycling/Trash Cans	550.00
Engineering Fees	6,100.00
Field/Youth Center Usage	8,700.61
NSF Check Fee	20.00
Admin Fee SC/Vet	478.04
Miscellaneous	3,793.00
Pod Structure	575.00
Police Outside Work	37,950.00
	<hr/>
	\$ 63,947.30
	<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 2020 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Original Budget</u>	<u>Appropriation By 40A:4-87</u>	<u>Budget After Modification</u>	<u>Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
GENERAL GOVERNMENT							
General Administration:							
Salaries and Wages	\$ 198,889.00	\$ -	\$ 201,889.00	\$ 201,576.82	\$ -	\$ 312.18	\$ -
Other Expenses	64,802.00	-	64,802.00	36,451.97	16,933.80	11,416.23	-
Municipal Clerk:							
Salaries and Wages	85,980.00	-	83,905.00	78,004.19	-	5,900.81	-
Other Expenses	12,900.00	-	12,900.00	6,663.07	377.71	5,859.22	-
Mayor and Council:							
Other Expenses	3,550.00	-	3,550.00	1,530.77	281.89	1,737.34	-
Financial Administration (Treasury):							
Salaries and Wages	63,100.00	-	63,375.00	63,363.80	-	11.20	-
Other Expenses	13,000.00	-	8,500.00	5,335.45	428.36	2,736.19	-
Audit Services	35,000.00	-	35,000.00	33,250.00	1,750.00	-	-
Revenue Administration (Tax Collection):							
Salaries and Wages	38,760.00	-	38,760.00	38,760.00	-	-	-
Other Expenses	2,300.00	-	2,300.00	1,556.02	-	743.98	-
Tax Assessment Administration:							
Salaries and Wages	25,500.00	-	25,500.00	25,500.00	-	-	-
Other Expenses	23,200.00	-	23,200.00	6,598.66	12,740.55	3,860.79	-
Legal Services (Legal Department):							
Other Expenses	110,000.00	-	200,000.00	146,342.83	32,902.50	20,754.67	-
Engineering Services:							
Salaries and Wages	253,694.00	-	256,994.00	256,425.46	-	568.54	-
Other Expenses	21,000.00	-	21,000.00	3,313.50	13,970.32	3,716.18	-
Insurance:							
General Liability	178,834.00	-	178,834.00	178,436.00	-	398.00	-
Workers Compensation	80,000.00	-	80,000.00	80,000.00	-	-	-
Employee Group Health	954,000.00	-	934,000.00	804,055.35	5,205.60	124,739.05	-
Health Waivers	29,000.00	-	29,000.00	22,927.19	-	6,072.81	-
LAND USE ADMINISTRATION							
Planning Board:							
Salaries and Wages	100.00	-	100.00	94.00	-	6.00	-
Other Expenses	61,650.00	-	121,650.00	103,257.59	11,000.00	7,392.41	-

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 2020 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<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>
Zoning Board of Adjustment:							
Salaries and Wages	100.00	-	100.00	94.00	-	6.00	-
Other Expenses	10,800.00	-	10,800.00	10,273.86	-	526.14	-
Zoning Officer:							
Salaries and Wages	34,017.00	-	34,017.00	33,532.69	-	484.31	-
Other Expenses	1,750.00	-	1,750.00	122.19	-	1,627.81	-
PUBLIC SAFETY							
Police Department:							
Salaries and Wages	1,632,346.00	-	1,632,346.00	1,602,758.39	-	29,587.61	-
Other Expenses	102,400.00	-	102,400.00	45,718.23	56,181.86	499.91	-
Historic Preservation Committee:							
Other Expenses	200.00	-	200.00	-	-	200.00	-
Office of Emergency Management:							
Other Expenses	2,600.00	-	2,600.00	1,073.75	1,312.15	214.10	-
Aid To Volunteer Fire Companies:							
Other Expenses	52,450.00	-	52,450.00	31,927.74	19,324.63	1,197.63	-
Aid To Volunteer Fire Companies - Police:							
Other Expenses	2,900.00	-	2,900.00	2,827.45	72.00	0.55	-
First Aid Organization:							
Other Expenses	18,000.00	-	18,000.00	9,722.28	6,901.79	1,375.93	-
Municipal Prosecutor's Office:							
Other Expenses	12,000.00	-	12,000.00	9,000.00	3,000.00	-	-
Water Rescue:							
Other Expenses	6,258.00	-	6,258.00	-	4,331.73	1,926.27	-
PUBLIC WORKS							
Streets and Road Maintenance:							
Salaries and Wages	466,991.00	-	462,991.00	441,795.18	-	21,195.82	-
Other Expenses	44,450.00	-	44,450.00	27,060.02	13,329.36	4,060.62	-
Shade Tree Commission:							
Other Expenses	9,460.00	-	9,460.00	4,793.75	1,056.25	3,610.00	-
Solid Waste Collection							
Other Expenses	343,400.00	-	343,400.00	299,713.56	-	43,686.44	-

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 2020 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<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>
Recycling Program:							
Salaries and Wages	14,100.00	-	18,100.00	17,203.45	-	896.55	-
Other Expenses	23,000.00	-	23,000.00	15,017.15	-	7,982.85	-
Buildings and Grounds:							
Other Expenses	119,250.00	-	131,750.00	68,430.78	61,690.20	1,629.02	-
Vehicle Maintenance:							
Salaries and Wages	57,500.00	-	58,500.00	58,394.52	-	105.48	-
Other Expenses	62,000.00	-	69,500.00	50,849.75	14,233.77	4,416.48	-
HEALTH AND WELFARE							
Board of Health:							
Other Expenses	51,400.00	-	51,400.00	49,900.00	-	1,500.00	-
Environmental Health Services:							
Other Expenses	510.00	-	510.00	375.00	-	135.00	-
RECREATION AND EDUCATION							
Board of Recreation Commissioners:							
Salaries and Wages	63,750.00	-	63,750.00	63,750.00	-	-	-
Other Expenses	7,350.00	-	7,350.00	1,783.62	509.86	5,056.52	-
Maintenance of Parks and Playgrounds:							
Other Expenses	18,500.00	-	15,500.00	7,277.11	60.00	8,162.89	-
Celebration of Public Events:							
Other Expenses	1.00	-	1.00	-	-	1.00	-
CODE ENFORCEMENT AND ADMINISTRATION							
Code Enforcement:							
Salaries and Wages	20,400.00	-	20,400.00	20,400.00	-	-	-
Other Expenses	700.00	-	700.00	561.50	-	138.50	-
Municipal Court:							
Salaries and Wages	14,278.00	-	14,278.00	14,193.53	-	84.47	-
Other Expenses	410.00	-	410.00	160.00	-	250.00	-
Public Defender:							
Other Expenses	1,000.00	-	1,000.00	750.00	-	250.00	-

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 2020 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<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>
UNCLASSIFIED							
Utilities:							
Fire Hydrant Service	72,000.00	-	72,000.00	71,876.74	-	123.26	-
Electricity	48,000.00	-	48,000.00	30,792.85	-	17,207.15	-
Street Lighting	42,000.00	-	42,000.00	31,627.56	-	10,372.44	-
Telephone	55,000.00	-	55,000.00	36,931.42	2,802.95	15,265.63	-
Water	13,000.00	-	15,000.00	12,263.50	1,053.55	1,682.95	-
Gas (natural or propane)	27,500.00	-	27,500.00	20,213.57	-	7,286.43	-
Fuel Oil	22,000.00	-	22,000.00	10,231.10	3,168.91	8,599.99	-
Gasoline	42,000.00	-	42,000.00	21,447.03	3,161.83	17,391.14	-
Landfill/Solid Waste Disposal Costs	399,000.00	-	399,000.00	339,961.20	-	59,038.80	-
Accumulated Sick and Vacation	5,000.00	-	5,000.00	5,000.00	-	-	-
Snow Removal	30,000.00	-	30,000.00	30,000.00	-	-	-
Salary and Wage Adjustment	10,000.00	-	10,000.00	-	-	10,000.00	-
Total Operations - Within "CAPS"	6,215,030.00	-	6,365,030.00	5,593,247.14	287,781.57	484,001.29	-
Contingent	3,000.00	-	3,000.00	-	-	3,000.00	-
Total Operations Including Contingent - Within "CAPS"	6,218,030.00	-	6,368,030.00	5,593,247.14	287,781.57	487,001.29	-
Detail:							
Salaries and Wages	2,984,505.00	-	2,990,005.00	2,920,846.03	-	69,158.97	-
Other Expenses (Including Contingent)	3,233,525.00	-	3,378,025.00	2,672,401.11	284,781.57	417,842.32	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES							
STATUTORY EXPENDITURES							
Contribution To:							
Public Employees' Retirement System	161,133.00	-	161,133.00	161,133.00	-	-	-
Social Security System (O.A.S.I.)	155,000.00	-	155,000.00	143,944.33	-	11,055.67	-
Police & Firemen's Reire System of NJ	413,505.00	-	413,505.00	413,505.00	-	-	-
Defined Benefit Contribution Plan	10,000.00	-	10,000.00	3,324.45	433.58	6,241.97	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	739,638.00	-	739,638.00	721,906.78	433.58	17,297.64	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	6,957,668.00	-	7,107,668.00	6,315,153.92	288,215.15	504,298.93	-

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 2020 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Original Budget</u>	<u>Appropriation By 40A:4-8.7</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
Aid To Library:							
Salaries and Wages	102,503.00	-	102,503.00	100,007.71	-	2,495.29	-
LOSAP	85,000.00	-	85,000.00	-	-	85,000.00	-
Recycling Tax	12,500.00	-	12,500.00	10,422.09	-	2,077.91	-
Reserve for Tax Appeals	25,000.00	-	25,000.00	25,000.00	-	-	-
Total Other Operations - Excluded from "CAPS"	225,003.00	-	225,003.00	135,429.80	-	89,573.20	-
Interlocal Municipal Service Agreements:							
County of Monmouth - 911 Dispatch	62,813.00	-	62,813.00	62,813.00	-	-	-
Monmouth County Records Management	3,300.00	-	3,300.00	3,300.00	-	-	-
Rumson Various Public Works Shared Services	50,000.00	-	50,000.00	34,744.80	-	15,255.20	-
Rumson Court Shared Services	60,120.00	-	60,120.00	60,117.88	-	2.12	-
Construction	185,679.00	-	185,679.00	185,678.93	-	0.07	-
Animal Control	9,500.00	-	9,500.00	7,624.78	-	1,875.22	-
RFH Custodial ILSA	21,000.00	-	21,000.00	4,374.12	6,000.00	10,625.88	-
RFH Tech ILSA	11,000.00	-	11,000.00	8,550.00	2,450.00	-	-
Finance ILSA	72,000.00	-	72,000.00	67,320.00	-	4,680.00	-
Tax Collector ILSA	18,730.00	-	18,730.00	18,727.20	-	2.80	-
Total Interlocal Municipal Service Agreements	494,142.00	-	494,142.00	453,250.71	8,450.00	32,441.29	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES							
Alcohol Education Rehabilitation Enforcement Program	1,000.25	-	1,000.25	1,000.25	-	-	-
Recycling Tonnage Grant	8,664.29	-	8,664.29	8,664.29	-	-	-
Total Public and Private Programs Offset By Revenues	9,664.54	-	9,664.54	9,664.54	-	-	-
Total Operations - Excluded From "CAPS"	728,809.54	-	728,809.54	598,345.05	8,450.00	122,014.49	-
Detail:							
Salaries and Wages	102,503.00	-	102,503.00	100,007.71	-	2,495.29	-
Other Expenses	626,306.54	-	626,306.54	498,337.34	8,450.00	119,519.20	-

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 2020 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Appropriation By 40A:4-87	Budget After Modification	Paid or Charged	Encumbrances	Reserved	Cancelled
Capital Improvements - Excluded From "CAPS"							
Capital Improvement Fund	835,000.00	-	835,000.00	835,000.00	-	-	-
Total Capital Improvements - Excluded From "CAPS"	835,000.00	-	835,000.00	835,000.00	-	-	-
Municipal Debt Service - Excluded From "CAPS"							
Payment of Bond Principal	233,000.00	-	233,000.00	233,000.00	-	-	-
Interest on Bonds	225,382.00	-	225,382.00	225,381.76	-	-	0.24
Interest on Notes	25,000.00	-	25,000.00	-	-	-	25,000.00
Green Acres Loan	12,150.00	-	12,150.00	12,125.72	-	-	24.28
Total Municipal Debt Service - Excluded From "CAPS"	495,532.00	-	495,532.00	470,507.48	-	-	25,024.52
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	2,059,341.54	-	2,059,341.54	1,903,852.53	8,450.00	122,014.49	25,024.52
Subtotal General Appropriations	9,017,009.54	-	9,167,009.54	8,219,006.45	296,665.15	626,313.42	25,024.52
Reserve for Uncollected Taxes	535,000.00	-	535,000.00	535,000.00	-	-	-
Total General Appropriations	\$ 9,552,009.54	\$ -	\$ 9,702,009.54	\$ 8,754,006.45	\$ 296,665.15	\$ 626,313.42	\$ 25,024.52
General Appropriations			\$ 9,552,009.54				
Emergency Authorization			150,000.00				
			\$ 9,702,009.54				
Analysis of Paid or Charged:							
Reserve for Uncollected Taxes				\$ 535,000.00			
Cash Disbursed				8,184,341.91			
Reserve for Tax Appeals				25,000.00			
Reserve for State Grants - Appropriated				9,664.54			
				\$ 8,754,006.45			

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

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

<u>Assets</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Animal Control Trust Fund:			
Cash - Treasurer	B-1	\$ 3,039.50	\$ 377.20
Other Trust Funds:			
Cash - Treasurer	B-1	910,132.43	878,788.72
Payroll Agency Trust Fund:			
Cash - Treasurer	B-1	8,033.82	18,427.43
Length of Service Award Program:			
Fund ("LOSAP"):			
Investments	B-6	1,016,954.47	965,379.29
Total Assets		<u>\$ 1,938,160.22</u>	<u>\$ 1,862,972.64</u>
<u>Liabilities and Reserves</u>			
Animal Control Trust Fund:			
Reserve for Animal Control Fund			
Expenditures	B-2	\$ 3,039.50	\$ 377.20
Animal Control Trust Fund		<u>3,039.50</u>	<u>377.20</u>
Other Trust Funds:			
Encumbrances Payable	B-4	28,769.87	12,579.26
Various Reserves	B-4	881,362.56	866,209.46
Other Trust Funds:		<u>910,132.43</u>	<u>878,788.72</u>
Payroll Agency Trust Fund:			
Payroll Deductions Payable	B-5	8,033.82	18,427.43
Length of Service Award Program:			
Fund ("LOSAP"):			
Miscellaneous Reserves	B-7	1,016,954.47	965,379.29
Total Liabilities and Reserves		<u>\$ 1,938,160.22</u>	<u>\$ 1,862,972.64</u>

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

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019**

<u>Assets</u>	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Cash	C-2	\$ 7,469,036.09	\$ 7,598,278.73
Notes Receivable	C	150,000.00	-
Deferred Charges To Future Taxation:			
Funded	C-4	8,485,922.20	8,727,697.62
Unfunded	C-5	14,622,646.60	6,021,780.60
Due From:			
Monmouth County	C-6	340,000.00	340,000.00
State of New Jersey	C-7	1,140,000.00	550,000.00
Total Assets		\$ 32,207,604.89	\$ 23,237,756.95
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	\$ 8,325,000.00	\$ 8,558,000.00
Green Acres Loan	C-9	160,922.20	169,697.62
Improvement Authorizations:			
Funded	C-10	7,279,212.97	6,229,062.84
Unfunded	C-10	13,658,361.04	4,925,908.89
Capital Improvement Fund	C-11	474,470.00	287,104.00
Encumbrances Payable	C-12	1,651,792.15	2,647,637.07
Reserve for DOT Grants Receivable	C	590,000.00	350,000.00
Reserve for Payment of Bonds	C-13	61,689.54	64,189.54
Fund Balance	C-1	6,156.99	6,156.99
Total Liabilities, Reserves and Fund Balance		\$ 32,207,604.89	\$ 23,237,756.95

There were bonds and notes authorized but not issued on December 31, 2020 of \$14,622,646.60 and on December 31, 2019 of \$6,021,780.60

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Balance, December 31, 2020 and 2019

\$ 6,156.99

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

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, 2020 AND 2019

<u>Assets</u>	<u>Reference</u>	<u>2020</u>	<u>2019</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	4,473,612.31	4,328,873.69
Improvements	D-1	<u>673,107.92</u>	<u>673,107.92</u>
Total Assets		<u>\$ 23,742,428.73</u>	<u>\$ 23,597,690.11</u>
 <u>Liabilities</u>			
Investments in Fixed Assets	D-1	<u>\$ 23,742,428.73</u>	<u>\$ 23,597,690.11</u>
Total Liabilities		<u>\$ 23,742,428.73</u>	<u>\$ 23,597,690.11</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, 2020**

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**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 Administrator. Policy is determined by Council and the Administrator is responsible for carrying out such policy.

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61, 80, 90 and 97, 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, 80, 90 and 97.

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.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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 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.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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. 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.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

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

Revenues – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenues when received.

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Monmouth, and Fair Haven School District and 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 Fair Haven School District and 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.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Expenditures – are recorded on the “budgetary” basis of accounting. Generally, expenditures 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.

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 adopts 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 their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

Accounting Pronouncements Adopted in Current Year

The following GASB Statements became effective for the fiscal year ended December 31, 2020:

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Requirements of this pronouncement related to section 1, paragraph 4 are effective immediately. All other requirements will be effective for reporting periods beginning June 15, 2021. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the Borough's financial statements.

Management has determined that the implementation of these Statements did not have a significant impact on the Borough's financial statements.

Accounting Pronouncements Effective in Future Reporting Periods

Statement No. 87, *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 93, *Replacement of Interbank Offered Rates*. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021.

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.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2. Deposits and Investments (continued):

As of December 31, 2020, the Borough's bank balance of \$15,996,714.98 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 15,073,391.09
Uninsured and Uncollateralized	<u>923,323.89</u>
	<u>\$ 15,996,714.98</u>

Investments

Under the 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 generally accepted accounting principles (GAAP), investments would be reported at fair value (except for fully benefit-responsive investment contracts, which would be reported at contract value). Contract value is the relevant measure for the portion of the Length of Service Awards Program (LOSAP) Plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP Plan.

Investments at Fair Value – The fair value measurements of investments are required to be reported based on the hierarchy established by GAAP. 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. As of December 31, 2020, the Borough had no investments held at Level 2 or 3.

Following is a description of the valuation methodologies used for investments measured at fair value.

Variable Life Annuity: Valued at the quoted NAV of shares held by the Borough at year-end.

Emergency Notes: Valued at the market value of the Notes held by the Borough at year-end.

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2020 Level 1</u>	<u>Investment Maturities (in Less Than 1 Year</u>
Emergency Notes	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Variable Life Annuity	<u>1,016,954.47</u>	<u>1,016,954.47</u>	<u>1,016,954.47</u>
	<u>\$ 1,166,954.47</u>	<u>\$ 1,166,954.47</u>	<u>\$ 1,166,954.47</u>
 <u>Fund</u>			
General Capital Fund	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Trust Fund - LOSAP	<u>1,016,954.47</u>	<u>1,016,954.47</u>	<u>1,016,954.47</u>
	<u>\$ 1,166,954.47</u>	<u>\$ 1,166,954.47</u>	<u>\$ 1,166,954.47</u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2. Deposits and Investments (continued):

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 Township 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 Township 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.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

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 LOSAP. 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>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate	<u>\$ 1.843</u>	<u>\$ 1.825</u>	<u>\$ 1.863</u>
Apportionment of Tax Rate:			
Municipal	0.395	0.372	0.377
County General	0.277	0.285	0.293
Local School	0.841	0.831	0.853
Regional School	0.330	0.337	0.340

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2020	\$ 1,834,586,915.00
2019	1,790,478,311.00
2018	1,721,059,780.00

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 3. Property Taxes (continued):

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2020	\$ 33,987,139.03	\$ 33,845,680.10	99.58%
2019	32,996,560.10	32,824,861.05	99.47%
2018	32,462,557.55	32,122,694.73	98.95%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2020	\$ -	\$ 125,191.76	\$ 125,191.76	0.37%
2019	-	142,511.20	142,511.20	0.43%
2018	-	263,637.25	263,637.25	0.81%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2020	-
2019	-
2018	-

The last tax sale was held on December 3, 2020.

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, 2020, 2019 or 2018.

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:			
2020	\$ 2,148,869.20	\$ 1,250,000.00	58.17%
2019	1,873,369.02	1,060,000.00	56.58%
2018	2,096,606.31	1,355,000.00	64.63%

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ -	\$ 39,431.44
State and Federal Grant Fund	<u>39,431.44</u>	<u>-</u>
	<u>\$ 39,431.44</u>	<u>\$ 39,431.44</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.

Note 8. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2020.

	Balance December 31, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2020</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	<u>4,328,873.69</u>	<u>144,738.62</u>	<u>-</u>	<u>4,473,612.31</u>
	<u>\$ 23,597,690.11</u>	<u>\$ 144,738.62</u>	<u>\$ -</u>	<u>\$ 23,742,428.73</u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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.state.nj.us/treasury/pensions/annual-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.

The following represents the membership tiers for PERS:

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

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

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (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 2020, 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

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 9. Pension Obligations (continued)

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

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, 2020, the Borough's contractually required contribution to PERS plan was \$192,617.00.

Components of Net Pension Liability - At December 31, 2020, the Borough's proportionate share of the PERS net pension liability was \$2,871,320.00. The net pension liability was measured as of June 30, 2020. 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, 2019, which was rolled forward to June 30, 2020. 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, 2020. The Borough's proportion measured as of June 30, 2020, was 0.0176074845% which was an increase of 0.0011508067% from its proportion measured as of June 30, 2019.

Balances at December 31, 2020 and December 31, 2019

	<u>12/31/2020</u>	<u>12/31/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Deferred Outflows of Resources	\$ 633,431	\$ 597,787
Deferred Inflows of Resources	1,262,187	1,220,293
Net Pension Liability	2,871,320	2,965,244
Borough's portion of the Plan's total Net Pension Liability	0.01761%	0.01646%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2020, the Borough's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2020 measurement date is \$104,946.00. 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 \$192,617.00 to the plan in 2020.

At December 31, 2020, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 9. Pension Obligations (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 52,282	\$ 10,154
Changes of Assumptions	93,149	1,202,249
Net Difference between Projected and Actual Earnings on Pension Plan Investments	98,144	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>389,856</u>	<u>49,784</u>
	<u>\$ 633,431</u>	<u>\$ 1,262,187</u>

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	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-
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
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 9. Pension Obligations (continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
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	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	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
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

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:

<u>Year Ending Dec 31,</u>	<u>Amount</u>
2021	\$ (177,186)
2022	(301,008)
2023	(99,458)
2024	(42,722)
2025	<u>(8,382)</u>
	<u><u>\$ (628,756)</u></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:

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 9. Pension Obligations (continued)

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Below-Median Income Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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, 2020) 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, 2020 are summarized in the following table:

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 9. Pension Obligations (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Credit	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 3,642,936	\$ 2,871,320	\$ 2,258,320

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 9. Pension Obligations (continued)

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.state.nj.us/treasury/pensions/annual-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.

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 schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS, the participating employers, or the State. 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 2020, 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

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 9. Pension Obligations (continued)

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

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, 2020, the Borough's contractually required contributions to PFRS plan was \$435,506.00.

Net Pension Liability and Pension Expense - At December 31, 2020 the Borough's proportionate share of the PFRS net pension liability was \$5,037,109.00. The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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, 2020. The Borough's proportion measured as of June 30, 2020, was 0.0389829361%, which was a decrease of 0.0019536704% from its proportion measured as of June 30, 2019.

Balances at December 31, 2020 and December 31, 2019

	<u>12/31/2020</u>	<u>12/31/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Deferred Outflows of Resources	\$ 49,316	\$ 346,862
Deferred Inflows of Resources	1,741,664	1,890,031
Net Pension Liability	5,037,109	5,009,748
Borough's portion of the Plan's total net pension Liability	0.03898%	0.04094%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2020, the Borough's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2020 measurement date was \$253,239.00. 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 \$435,506.00 to the plan in 2020.

At December 31, 2020, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 9. Pension Obligations (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 50,783	\$ 18,078
Changes of Assumptions	12,676	1,350,419
Net Difference between Projected and Actual Earnings on Pension Plan Investments	295,349	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>49,316</u>	<u>373,167</u>
	<u>\$ 408,124</u>	<u>\$ 1,741,664</u>

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	-
June 30, 2018	5.73	-
June 30, 2019	-	5.92
June 30, 2020	5.90	-
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
June 30, 2018	-	5.73
June 30, 2019	-	5.92
June 30, 2020	-	5.90

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 9. Pension Obligations (continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
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	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	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
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92
June 30, 2020	5.90	5.90

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>
2021	\$ (440,175)
2022	(270,500)
2023	(114,552)
2024	(116,440)
2025	<u>(391,873)</u>
	<u><u>\$ (1,333,540)</u></u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 9. Pension Obligations (continued)

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

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001.

The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the Borough is \$781,736.00 as of December 31, 2020. The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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, 2020 was 0.0389829361%, which was a decrease of 0.0019536704% from its proportion measured as of June 30, 2019, which is the same proportion as the Borough's. At December 31, 2020, the Borough's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 5,037,109
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>781,736</u>
	<u>\$ 5,818,845</u>

At December 31, 2020, the State's proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2020 measurement date was \$88,594.00.

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

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 9. Pension Obligations (continued)

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 - 15.25%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PFRS	Pub-2010 Safety Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2013 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2020) 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, 2020 are summarized in the following table:

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 9. Pension Obligations (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Credit	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1 % Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1 % Increase (8.00%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 6,698,318	\$ 5,037,109	\$ 3,657,348
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>1,039,548</u>	<u>781,736</u>	<u>567,603</u>
	<u>\$ 7,737,866</u>	<u>\$ 5,818,845</u>	<u>\$ 4,224,951</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, 2020**

Note 10. Postemployment Benefits Other Than Pensions

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for other postemployment benefit obligations for the year ended June 30, 2020. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available, which had a reporting date of June 30, 2019.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based

on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Postemployment Benefits Other Than Pensions (continued):

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan 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.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2019 were \$5,637,151,775.00 and \$8,182,092,807.00, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and

OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Postemployment Benefits Other Than Pensions (continued):

Inflation Rate 2.50%

Salary Increases*:

Public Employees' Retirement System (PERS)

Initial Fiscal Year Applied

Rate through 2026 2.00% to 6.00%

Rate thereafter 3.00% to 7.00%

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 15.25%

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

PERS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

* - Salary Increases are based on the defined benefit plan that the member is enrolled in and his or her age.

OPEB Obligation and OPEB (benefit) Expense - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Borough's as of June 30, 2019 was \$7,631,179.00. The Borough's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the Borough was based on projection of the State's long-term contributions to the OPEB plan associated with the Borough relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the Borough was 0.0563349989%, which was a decrease of 0.0025660027% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2019, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$(286,932.00) for the State's proportionate share of the OPEB (benefit) expense attributable to the Borough. This OPEB (benefit) expense was based on the OPEB plans June 30, 2019 measurement date.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Postemployment Benefits Other Than Pensions (continued):

trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Borough	\$ 8,823,584.20	\$ 7,631,179.00	\$ 6,662,192.17
State of New Jersey's Total Nonemployer OPEB Liability	15,662,704,137.00	13,546,071,100.00	11,826,026,995.00

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:

The following presents the net OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The Borough	\$ 6,439,774.64	\$ 7,631,179.00	\$ 9,151,015.83
State of New Jersey's Total Nonemployer OPEB Liability	11,431,214,644.00	13,546,071,100.00	16,243,926,531.00

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2019:

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Postemployment Benefits Other Than Pensions (continued):

Collective Balances at December 31, 2019 and December 31, 2018

	<u>12/31/2019</u>	<u>12/31/2018</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Collective Deferred Outflows of Resources	\$ 11,158,226.00	\$ 8,279,239.00
Collective Deferred Inflows of Resources	8,761,825,481.00	7,154,925,195.00
Collective Net OPEB Liability	13,546,071,100.00	15,666,618,141.00
 Borough's Portion	 0.056335%	 0.058901%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2020	\$ (1,425,201,517.00)
2021	(1,425,201,517.00)
2022	(1,426,076,187.00)
2023	(1,427,489,995.00)
2024	(1,428,781,861.00)
Thereafter	<u>(1,617,916,178.00)</u>
	<u><u>\$ (8,750,667,255.00)</u></u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 years for the 2019, 2018 and 2017 amounts, respectively.

Plan Membership

At June 30, 2018, the Program membership consisted of the following:

	<u>June 30, 2018</u>
Active Plan Members	63,032
Retirees Currently Receiving Benefits	<u>27,871</u>
 Total Plan Members	 <u><u>90,903</u></u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 10. Postemployment Benefits Other Than Pensions (continued):

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

Service Cost	\$ 666,574,660.00
Interest on the Total OPEB Liability	636,082,461.00
Change of Benefit Terms	(1,903,958.00)
Differences Between Expected and Actual Experience	(1,399,921,930.00)
Changes of Assumptions	(1,635,760,217.00)
Contributions From the Employer	(346,415,056.00)
Contributions From Non-Employer Contributing Entity	(43,854,500.00)
Net Investment Income	(4,826,936.00)
Administrative Expense	<u>9,478,435.00</u>
 Net Change in Total OPEB Liability	 (2,120,547,041.00)
 Total OPEB Liability (Beginning)	 <u>15,666,618,141.00</u>
 Total OPEB Liability (Ending)	 <u><u>\$ 13,546,071,100.00</u></u>

Note 11. 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>2020</u>	<u>2019</u>	<u>2018</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 8,485,922.20	\$ 8,727,697.62	\$ 3,208,000.14
Total Debt Issued	<u>8,485,922.20</u>	<u>8,727,697.62</u>	<u>3,208,000.14</u>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	14,622,646.60	6,021,780.60	4,880,484.00
Total Authorized But Not Issued	<u>14,622,646.60</u>	<u>6,021,780.60</u>	<u>4,880,484.00</u>
Total Gross Debt	<u><u>\$ 23,108,568.80</u></u>	<u><u>\$ 14,749,478.22</u></u>	<u><u>\$ 8,088,484.14</u></u>
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	61,689.54	64,189.54	14,658.77
Total Deductions	<u>61,689.54</u>	<u>64,189.54</u>	<u>14,658.77</u>
Total Net Debt	<u><u>\$ 23,046,879.26</u></u>	<u><u>\$ 14,685,288.68</u></u>	<u><u>\$ 8,073,825.37</u></u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11. Municipal Debt (continued):

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	\$ 19,752,000.00	\$ 19,752,000.00	\$ -
Regional School Debt	3,917,377.34	3,917,377.34	-
General Debt	23,108,568.80	61,689.54	23,046,879.26
	<u>\$ 46,777,946.14</u>	<u>\$ 23,731,066.88</u>	<u>\$ 23,046,879.26</u>

Net Debt \$23,046,879.26 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$1,809,599,275.33, equals 1.274%. 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, 2020 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 63,335,974.64
Net Debt	<u>23,046,879.26</u>
Remaining Borrowing Power	<u>\$ 40,289,095.38</u>

General Debt

A. Serial Bonds Payable

In 2019, the Borough issued \$8,558,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2% to 4% and mature on 10/01/44.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 235,000.00	\$ 225,181.26	\$ 460,181.26
2022	240,000.00	215,781.26	455,781.26
2023	250,000.00	206,181.26	456,181.26
2024	260,000.00	196,181.26	456,181.26
2025	270,000.00	185,781.26	455,781.26
2026-2030	1,510,000.00	770,206.30	2,280,206.30
2031-2035	1,750,000.00	581,831.30	2,331,831.30
2036-2040	2,020,000.00	376,687.54	2,396,687.54
2041-2044	1,790,000.00	117,131.28	1,907,131.28
	<u>\$ 8,325,000.00</u>	<u>\$ 2,874,962.72</u>	<u>\$ 11,199,962.72</u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11. Municipal Debt (continued):

B. Bond Anticipation Notes Payable – Short Term Debt

As of December 31, 2020, the Borough did not have any Bond Anticipation Notes outstanding.

C. Emergency Notes

On December 31, 2020, the Borough had the following outstanding emergency notes:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2020</u>
Emergency Note	12/31/2020	12/31/2021	0.00%	<u>\$ 150,000.00</u>
				<u>\$ 150,000.00</u>

D. Bonds and Notes Authorized But Not Issued

As of December 31, 2020, the Borough had \$14,622,646.60 in various General Capital bonds and notes authorized but not issued.

E. 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>
2021	\$ 8,951.82	\$ 3,173.91	\$ 12,125.73
2022	9,131.75	2,993.97	12,125.72
2023	9,315.29	2,810.43	12,125.72
2024	9,502.53	2,623.19	12,125.72
2025	9,693.53	2,432.19	12,125.72
2026-2030	51,469.77	9,158.83	60,628.60
2031-2035	56,854.66	3,773.95	60,628.61
2036	6,002.85	60.03	6,062.88
	<u>\$ 160,922.20</u>	<u>\$ 27,026.50</u>	<u>\$ 187,948.70</u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11. Municipal Debt (continued):

Summary of Principal Debt

A summary of the changes in long-term and short-term debt of the Borough is as follows:

	Balance December 31, <u>2019</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2020</u>	Balance Due Within <u>One Year</u>
Current Fund:					
Emergency Notes	\$ -	\$ 150,000.00	\$ -	\$ 150,000.00	\$ 150,000.00
General Capital:					
General Bonds	8,558,000.00	-	233,000.00	8,325,000.00	235,000.00
Green Acres Loan	169,697.62	-	8,775.42	160,922.20	8,951.82
Authorized but Not Issued	6,021,780.60	8,600,866.00	-	14,622,646.60	-
	<u>\$ 14,749,478.22</u>	<u>\$ 8,750,866.00</u>	<u>\$ 241,775.42</u>	<u>\$ 23,258,568.80</u>	<u>\$ 393,951.82</u>

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>2020</u>	<u>2019</u>
Total Balance of Local Tax	\$ 7,117,506.97	\$ 7,308,625.97
Deferred Taxes	<u>3,200,000.00</u>	<u>3,200,000.00</u>
Local Tax Payable	<u>\$ 3,917,506.97</u>	<u>\$ 4,108,625.97</u>

<u>Regional Tax</u>	<u>Balance, December 31,</u>	
	<u>2020</u>	<u>2019</u>
Total Balance of Regional Tax	\$ 85,074.66	\$ 40,720.49
Deferred Taxes	<u>-</u>	<u>-</u>
Regional Tax Payable	<u>\$ 85,074.66</u>	<u>\$ 40,720.49</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.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 \$720,622.94 at December 31, 2020.

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, 2020, the Borough has reserved in the Other Trust Fund \$53,875.70 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 Mid-Jersey Municipal Joint Insurance Fund. The Fund provides the Borough with the following coverage:

Worker's Compensation
General Liability
Employer's Liability
Auto Liability
Property Damage
Property/Boiler and Machinery
Auto Physical Damage
Employee Dishonesty Liability
Environmental Impairment Liability

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, 2020 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:

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 15. Risk Management (continued)

New Jersey Unemployment Compensation Insurance (continued)

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 16,757.70	\$ 1,870.04	\$ 46,797.05
2019	160.75	469.83	31,909.39
2018	170.90	3,155.75	32,218.47

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, 2020, 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, 2020, there were certain tax appeals on file against the Borough. The Borough has estimated the potential exposure to the Borough from such appeals is approximately \$86,758.81.

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 the 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.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 17. Length of Service Awards Program (continued)

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 \$1,150.00 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 \$1,150.00 for the year ended December 31, 2020 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2020, the Borough contributed a total of \$77,625.00 to the plan. Participants direct the investment of the 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, 2020 payouts of \$48,984.63 were made to vested participants.

Forfeited Accounts - During the year ended December 31, 2020, no accounts were forfeited.

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

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 18. Deferred Charges to be Raised in Succeeding Budgets:

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	Balance December 31, <u>2019</u>	2020 <u>Authorization</u>	Balance December 31, <u>2020</u>
Current Fund:			
Emergency Authorizations (40A:4-48)	\$ -	\$ 150,000.00	\$ 150,000.00

Note 19. Subsequent Events:

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2020 and August 23, 2021, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements.

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, 2020**

Balance, December 31, 2019		\$ 7,407,660.00
Increased By Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 63,947.30	
Taxes Receivable	33,752,480.74	
Revenue Accounts Receivable	1,241,215.56	
Due From:		
State of New Jersey - Senior Citizens' and Veterans' Deductions	23,902.05	
Due To State of New Jersey - Marriage Licenses	450.00	
Tax Overpayments	101,458.05	
Prepaid Taxes	126,259.74	
Outside Liens	987.29	
Insurance Premiums	31,015.46	
Grants Receivable	16,255.69	
Investment in Special Emergency Note	150,000.00	
Reserve for:		
Tax Appeals Pending	2,502.25	
Grants - Unappropriated	11,096.24	
		<u>35,521,570.37</u>
		42,929,230.37
Decreased By Disbursements:		
2020 Appropriations	8,184,341.91	
2019 Appropriation Reserves	390,848.14	
Due To State of New Jersey - Marriage Licenses	300.00	
Local District School Taxes	15,610,162.00	
Regional High School Taxes	6,003,424.83	
County Taxes	5,124,073.64	
Outside Liens	710.25	
Reserve for Tax Liens Premiums	1,100.00	
Tax Overpayments	75,263.53	
Insurance Reimbursement	31,464.98	
Refund of Prior Year Revenue	1,775.00	
Accounts Payable	10,000.00	
Reserve for:		
Tax Appeals Pending	13,306.26	
Grants - Appropriated	8,369.13	
		<u>35,455,139.67</u>
Balance, December 31, 2020		<u><u>\$ 7,474,090.70</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2020 & 2019

\$ 400.00

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, 2020

Balance, December 31, 2019		\$ 1,750.00
Increased By:		
Senior Citizens' Billings		
Per Duplicate	\$ 1,250.00	
Veterans' Billings Per Duplicate	22,750.00	
Senior Citizen Deductions Allowed		
by Tax Collector	250.00	
		<u>24,250.00</u>
		26,000.00
Decreased By:		
Cash Received From State of New Jersey	23,902.05	
Senior Citizens Deductions Disallowed		
by Tax Collector	250.00	
Senior Citizens Deductions Disallowed		
by Tax Collector - Prior Year	347.95	
		<u>24,500.00</u>
Balance, December 31, 2020		<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, 2020

Year	Balance December 31, 2019	2020 Levy	Added	2019 Collections	2020 Collections	Due From State of New Jersey	Remitted Abated Cancelled	Balance December 31, 2020
2019	\$ 142,511.20	\$ -	\$ 347.95	\$ -	\$ 142,859.15	\$ -	\$ -	\$ -
2020	-	33,820,739.46	166,399.57	174,998.70	33,646,681.40	24,000.00	16,267.17	125,191.76
	\$ 142,511.20	\$ 33,820,739.46	\$ 166,747.52	\$ 174,998.70	\$ 33,789,540.55	\$ 24,000.00	\$ 16,267.17	\$ 125,191.76

Analysis of 2020 Tax Levy

Tax Yield:

General Purpose Tax
Added Taxes (54:4-63 et seq.)

\$ 33,820,739.46
166,399.57

Tax Levy:

Local District School Tax (Abstract)
Regional High School Tax (Abstract)
County Taxes:

\$ 33,987,139.03

County Tax (Abstract)
County Library Tax (Abstract)
County Open Space Fund
Due To County - Added and Omitted

15,419,043.00
6,047,779.00

5,103,443.64

Local Tax for Municipal Purposes
Add: Additional Tax Levied

26,570,265.64

7,250,288.00
166,585.39

7,416,873.39

\$ 33,987,139.03

Analysis of Current Revenue From Taxes

Delinquent
Taxes

2020
Property Taxes

Senior Citizens' and Veterans'
Deductions Allowed (Net)
Taxes Collected in 2020
Prepaid Taxes Applied

\$ -
142,859.15
-

Net Revenue

\$ 142,859.15

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Balance December 31, <u>2019</u>	Accrued in <u>2020</u>	<u>Collections</u>	Balance December 31, <u>2020</u>
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ -	7,876.00	\$ 7,876.00	\$ -
Fees and Permits	-	59,512.00	59,512.00	-
Fines and Costs:				
Municipal Court	5,025.02	31,067.55	34,600.16	1,492.41
Interest and Costs on Taxes	-	50,798.21	50,798.21	-
Interest on Investments and Deposits	-	83,285.88	83,285.88	-
Cable Franchise Fees	-	96,477.20	96,477.20	-
Cell Tower Lease	-	99,384.64	99,384.64	-
Energy Receipts Tax	-	454,580.00	454,580.00	-
Uniform Construction Code Fees	-	292,995.00	292,995.00	-
Rumson Various Public Works Shared Service Agreement	-	54,870.00	54,870.00	-
Recycling Tonnage Grant	-	8,664.29	8,664.29	-
Alcohol Education and Rehabilitation Fund	-	1,000.25	1,000.25	-
Uniform Fire Safety Act	-	4,336.47	4,336.47	-
Reserve to Pay Bonds & Notes	-	2,500.00	2,500.00	-
	<u>\$ 5,025.02</u>	<u>\$ 1,247,347.49</u>	<u>\$ 1,250,880.10</u>	<u>\$ 1,492.41</u>
Cash Receipts			\$ 1,241,215.56	
Grants Receivable			<u>9,664.54</u>	
			<u>\$ 1,250,880.10</u>	

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR INSURANCE REIMBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 29,247.96
Increased By:	
Cash Receipts	<u>31,015.46</u>
	60,263.42
Decreased By:	
Cash Disbursements	<u>31,464.98</u>
Balance, December 31, 2020	<u><u>\$ 28,798.44</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, 2020

Balance, December 31, 2019			\$ 20,448.64
Increased By:			
Reserve for Grants:			
Appropriated	\$ 16,255.69		
Unappropriated	<u>11,096.24</u>		
		<u>27,351.93</u>	
		47,800.57	
Decreased By:			
Reserve for Grants - Appropriated		<u>8,369.13</u>	
Balance, December 31, 2020			<u><u>\$ 39,431.44</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Description</u>	Balance December 31, <u>2019</u>	Anticipated in 2020 Current <u>Fund Budget</u>	<u>Received</u>	Balance December 31, <u>2020</u>
Monmouth County Open Space - FH Fields	\$ 30,000.00	\$ -	\$ -	\$ 30,000.00
Alcohol Education and Rehabilitation	-	1,000.25	1,000.25	-
Sustainable Jersey Grant	5,000.00	-	5,000.00	-
Body Armor Replacement Fund	1,591.15	-	1,591.15	-
Recycling Tonnage	-	8,664.29	8,664.29	-
	<u>\$ 36,591.15</u>	<u>\$ 9,664.54</u>	<u>\$ 16,255.69</u>	<u>\$ 30,000.00</u>

BOROUGH OF FAIR HAVEN
 COUNTY OF MONMOUTH, NEW JERSEY
 STATE GRANT FUND
 SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED
 FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Description</u>	Balance December 31, 2019	Transferred From Current Fund	Encumbrances Reclassified	Expended	Encumbrances Payable	Balance December 31, 2020
Clean Communities Program	\$ 25,639.06	\$ -	\$ -	\$ 2,203.26	\$ 6,046.00	\$ 17,389.80
Alcohol Education and Rehabilitation Fund	12,943.21	1,000.25	-	1,025.00	-	12,918.46
NJ Cultural Historical Grant	1,281.09	-	-	-	-	1,281.09
Drunk Driving Enforcement Fund	1,464.70	-	299.00	1,763.70	-	-
Body Armor Fund	7,043.65	-	-	1,902.16	-	5,141.49
Recycling Tonnage Grant	8,369.08	8,664.29	-	1,475.01	-	15,558.36
	<u>\$ 56,740.79</u>	<u>\$ 9,664.54</u>	<u>\$ 299.00</u>	<u>\$ 8,369.13</u>	<u>\$ 6,046.00</u>	<u>\$ 52,289.20</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, 2020

<u>Description</u>	Balance December 31, <u>2019</u>	Cash <u>Receipts</u>	Balance December 31, <u>2020</u>
Clean Communities Program	\$ -	\$ 11,096.24	\$ 11,096.24
	<u>\$ -</u>	<u>\$ 11,096.24</u>	<u>\$ 11,096.24</u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR TAX LIENS PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 73,900.00
Decreased By:	
Cash Disbursements	<u>1,100.00</u>
Balance, December 31, 2020	<u><u>\$ 72,800.00</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2019 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Balance</u>	<u>Encumbrances</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Lapsed</u>
GENERAL GOVERNMENT					
General Administration:					
Salaries and Wages	\$ 3.93	\$ -	\$ 3.93	\$ -	\$ 3.93
Other Expenses	3,378.59	23,250.63	26,629.22	20,938.61	5,690.61
Municipal Clerk:					
Salaries and Wages	458.55	-	458.55	-	458.55
Other Expenses	9,888.36	60.71	9,949.07	4,160.71	5,788.36
Mayor & Council:					
Other Expenses	2,239.23	260.00	2,499.23	786.42	1,712.81
Financial Administration (Treasury):					
Salaries and Wages	80.48	-	80.48	-	80.48
Other Expenses	2,964.99	1,270.54	4,235.53	1,222.54	3,012.99
Audit Services	2,400.00	-	2,400.00	1,237.50	1,162.50
Revenue Administration (Tax Collection):					
Salaries and Wages	0.06	-	0.06	-	0.06
Other Expenses	1,986.45	-	1,986.45	-	1,986.45
Tax Assessment Administration:					
Salaries and Wages	0.94	-	0.94	-	0.94
Other Expenses	3,958.86	-	3,958.86	-	3,958.86
Legal Services (Legal Department):					
Other Expenses	34,711.95	3,193.00	37,904.95	14,758.00	23,146.95
Engineering Services:					
Salaries and Wages	346.64	-	346.64	-	346.64
Other Expenses	19,983.06	1,820.15	21,803.21	6,596.15	15,207.06
Insurance:					
Employee Group Health	96,808.22	-	96,808.22	-	96,808.22
Health Waivers	1,433.92	-	1,433.92	-	1,433.92
LAND USE ADMINISTRATION					
Planning Board:					
Salaries and Wages	31.98	-	31.98	-	31.98
Other Expenses	3,474.59	33,207.50	36,682.09	20,420.00	16,262.09
Zoning Board of Adjustment:					
Salaries and Wages	32.02	-	32.02	-	32.02
Other Expenses	909.80	1,985.00	2,894.80	2,485.00	409.80
Zoning Officer:					
Salaries and Wages	172.83	-	172.83	-	172.83
Other Expenses	813.70	-	813.70	-	813.70
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	28,515.42	-	28,515.42	-	28,515.42
Other Expenses	1,871.83	36,557.47	38,429.30	37,144.76	1,284.54
Historic Preservation Committee:					
Other Expenses	200.00	-	200.00	-	200.00
Office of Emergency Management:					
Other Expenses	-	1,479.01	1,479.01	1,479.01	-
Aid To Volunteer Fire Companies:					
Other Expenses	27,967.01	17,689.63	45,656.64	18,403.84	27,252.80
Aid To Volunteer Fire Companies - Police:					
Other Expenses	1,753.20	1,806.80	3,560.00	1,501.00	2,059.00
First Aid Organization:					
Other Expenses	621.33	13,832.55	14,453.88	13,255.55	1,198.33
Water Rescue:					
Other Expenses	2,733.50	-	2,733.50	-	2,733.50

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2019 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Balance</u>	<u>Encumbrances</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Lapsed</u>
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	44,372.21	-	44,372.21	-	44,372.21
Other Expenses	12,856.30	12,519.32	25,375.62	15,407.16	9,968.46
Shade Tree Commission:					
Other Expenses	3,279.70	2,862.50	6,142.20	-	6,142.20
Solid Waste Collection:					
Salaries and Wages	22,309.39	29,666.67	51,976.06	24,666.66	27,309.40
Recycling Program:					
Salaries and Wages	5,493.12	-	5,493.12	-	5,493.12
Other Expenses	244.20	12,056.64	12,300.84	4,532.40	7,768.44
Buildings and Grounds:					
Other Expenses	5,287.22	33,384.98	38,672.20	23,590.68	15,081.52
Vehicle Maintenance:					
Salaries and Wages	1,223.46	-	1,223.46	-	1,223.46
Other Expenses	1,901.18	7,729.88	9,631.06	5,680.90	3,950.16
HEALTH AND WELFARE					
Board of Health:					
Other Expenses	2,898.50	-	2,898.50	-	2,898.50
Environmental Health Services:					
Other Expenses	510.00	-	510.00	-	510.00
RECREATION AND EDUCATION					
Board of Recreation Commissioners:					
Salaries and Wages	0.94	-	0.94	-	0.94
Other Expenses	4,054.99	250.00	4,304.99	-	4,304.99
Maintenance of Parks and Playgrounds:					
Other Expenses	4,226.68	4,363.75	8,590.43	4,363.75	4,226.68
CODE ENFORCEMENT AND ADMINISTRATION					
Code Enforcement:					
Salaries and Wages	0.06	-	0.06	-	0.06
Other Expenses	80.79	62.81	143.60	62.81	80.79
Municipal Court:					
Salaries and Wages	85.25	-	85.25	-	85.25
Other Expenses	250.00	-	250.00	-	250.00
Public Defender:					
Salaries and Wages	723.00	-	723.00	-	723.00
UNCLASSIFIED					
Utilities:					
Fire Hydrant Service	6,723.92	-	6,723.92	-	6,723.92
Electricity	7,973.98	1,806.21	9,780.19	4,767.73	5,012.46
Street Lighting	7,445.89	2,751.30	10,197.19	2,895.80	7,301.39
Telephone	14,891.47	1,602.28	16,493.75	1,654.48	14,839.27
Water	3,528.18	587.40	4,115.58	587.40	3,528.18
Gas (natural or propane)	7,265.46	-	7,265.46	4,121.44	3,144.02
Fuel Oil	2,057.51	5,583.24	7,640.75	-	7,640.75
Gasoline	2,449.89	5,293.45	7,743.34	2,695.96	5,047.38
Landfill/Solid Waste Disposal Costs	42,659.14	31,580.75	74,239.89	38,352.34	35,887.55
Accumulated Sick and Vacation	-	10,000.00	10,000.00	10,000.00	-
Snow Removal	-	19,054.75	19,054.75	19,054.75	-
Salary and Wage Adjustment	10,000.00	-	10,000.00	-	10,000.00

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2019 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance</u>	<u>Encumbrances</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Lapsed</u>
STATUTORY EXPENDITURES					
Contribution To:					
Public Employees' Retirement System	3.00	-	3.00	-	3.00
Defined Benefit Contribution Plan	6,176.72	-	6,176.72	-	6,176.72
Police & Firemen's Retirement System of NJ	58.00	-	58.00	-	58.00
Social Security System	2,444.90	-	2,444.90	-	2,444.90
Contingent	3,000.00	-	3,000.00	-	3,000.00
Aid To Library:					
Salaries and Wages	2,080.93	-	2,080.93	-	2,080.93
LOSAP	85,000.00	-	85,000.00	79,350.00	5,650.00
Recycling Tax	1,512.11	4,357.33	5,869.44	1,250.67	4,618.77
Interlocal Services Agreement -					
County of Monmouth - 911	18.60	-	18.60	-	18.60
Rumson Various Public Works Shared Services	19,111.80	-	19,111.80	-	19,111.80
Rumson Court Shared Services	378.10	-	378.10	-	378.10
Construction	8.22	-	8.22	-	8.22
Animal Control	6,522.64	-	6,522.64	-	6,522.64
RFH Custodial ILSA	2,877.64	5,000.00	7,877.64	4,374.12	3,503.52
Finance ILSA	6,000.00	-	6,000.00	-	6,000.00
Tax Collector ILSA	140.00	-	140.00	-	140.00
RFH Tech ILSA	-	3,162.50	3,162.50	1,650.00	1,512.50
Total General Appropriations	<u>\$ 599,866.53</u>	<u>\$ 330,088.75</u>	<u>\$ 929,955.28</u>	<u>\$ 393,448.14</u>	<u>\$ 536,507.14</u>
Appropriation Reserves			\$ 599,866.53		
Encumbrances Payable			<u>330,088.75</u>		
			<u>\$ 929,955.28</u>		
Cash Disbursements				\$ 390,848.14	
Accounts Payable				<u>2,600.00</u>	
				<u>\$ 393,448.14</u>	

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 330,088.75
Increased By:	
Transferred From Current Appropriations	<u>296,665.15</u>
	626,753.90
Decreased By:	
Transferred To Appropriation Reserves	<u>330,088.75</u>
Balance, December 31, 2020	<u><u>\$ 296,665.15</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, 2020**

Balance, December 31, 2019	\$ 75.00
Increased By:	
Cash Receipts	<u>450.00</u>
	525.00
Decreased By:	
Cash Disbursements	<u>300.00</u>
Balance, December 31, 2020	<u><u>\$ 225.00</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 174,998.70
Increased By:	
Cash Receipts	<u>126,259.74</u>
	301,258.44
Decreased By:	
Applied To Taxes Receivable	<u>174,998.70</u>
Balance, December 31, 2020	<u><u>\$ 126,259.74</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019		\$ 11,395.42
Increased By:		
Overpayments Created		<u>101,458.05</u>
		112,853.47
Decreased By:		
Applied to Taxes	\$ 37,059.81	
Cash Disbursed	<u>75,263.53</u>	
		<u>112,323.34</u>
Balance, December 31, 2020		<u><u>\$ 530.13</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, 2020**

Balance, December 31, 2019		
School Tax Payable	\$ 4,108,625.97	
School Tax Deferred	<u>3,200,000.00</u>	
		\$ 7,308,625.97
Increased By:		
Levy - School Year, July 1, 2019 - June 30, 2020		<u>15,419,043.00</u>
		22,727,668.97
Decreased By:		
Cash Disbursed		<u>15,610,162.00</u>
Balance, December 31, 2020		
School Tax Payable	3,917,506.97	
School Tax Deferred	<u>3,200,000.00</u>	
		<u>\$ 7,117,506.97</u>
2020 Liability for Local District Tax		
Tax Payable, December 31, 2020	3,917,506.97	
Tax Paid	<u>15,610,162.00</u>	
		\$ 19,527,668.97
Less:		
Tax Payable, December 31, 2019		<u>4,108,625.97</u>
Amount Charged To 2020 Operations		<u>\$ 15,419,043.00</u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 40,720.49
Increased By:	
Levy Calendar Year 2020	<u>6,047,779.00</u>
	6,088,499.49
Decreased By:	
Cash Disbursed	<u>6,003,424.83</u>
Balance, December 31, 2020	<u><u>\$ 85,074.66</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019		\$	45,682.59
Increased By:			
County Taxes	\$	4,269,195.73	
County Library Taxes		310,723.00	
Open Space Preservation		498,472.32	
Added and Omitted		<u>25,052.59</u>	
			<u>5,103,443.64</u>
			5,149,126.23
Decreased By:			
Cash Disbursed			<u>5,124,073.64</u>
Balance, December 31, 2020		\$	<u><u>25,052.59</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, 2020

Balance, December 31, 2019		\$	72,562.82
Increased By:			
Appropriations to 2020 Budget	\$	25,000.00	
Cash Receipts		<u>2,502.25</u>	
			<u>27,502.25</u>
			100,065.07
Decreased By:			
Cash Disbursements			<u>13,306.26</u>
Balance, December 31, 2020		\$	<u><u>86,758.81</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, 2020**

Balance, December 31, 2019	\$ 630.00
Increased By:	
Cash Receipts	<u>987.29</u>
	1,617.29
Decreased By:	
Cash Disbursements	<u>710.25</u>
Balance, December 31, 2020	<u><u>\$ 907.04</u></u>

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES N.J.S. 40A:4-55
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Date Authorized</u>	<u>Improvement Description</u>	<u>Net Amount Authorized</u>	<u>Balance Dec. 31, 2019</u>	<u>2020 Authorization</u>	<u>Balance Dec. 31, 2020</u>
2020	Fair Share Housing Settlement	\$ 150,000.00	\$ -	\$ 150,000.00	\$ 150,000.00
			<u>\$ -</u>	<u>\$ 150,000.00</u>	<u>\$ 150,000.00</u>

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, 2020

	Animal Control Trust Fund	Payroll Agency	Other Trust Funds
Balance, December 31, 2019	\$ 377.20	\$ 18,427.43	\$ 878,788.72
Increased By Receipts:			
License Fees	\$ -	\$ -	-
Due To:			
State of New Jersey	427.20	-	-
Various Reserves	-	-	476,032.37
Payroll Deductions Payable	-	1,198,075.85	-
	<u>3,939.70</u>	<u>1,198,075.85</u>	<u>476,032.37</u>
	4,316.90	1,216,503.28	1,354,821.09
Decreased By Disbursements:			
Due To:			
State of New Jersey	427.20	-	-
Reserve for Animal Control	850.20	-	-
Various Reserves	-	-	444,688.66
Payroll Deductions Payable	-	1,208,469.46	-
	<u>1,277.40</u>	<u>1,208,469.46</u>	<u>444,688.66</u>
Balance, December 31, 2020	<u>\$ 3,039.50</u>	<u>\$ 8,033.82</u>	<u>\$ 910,132.43</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, 2020

Balance, December 31, 2019	\$ 377.20
Increased By:	
License Fees Collected	<u>3,512.50</u>
	3,889.70
Decreased By:	
Due To Current Fund:	
Expenditures	<u>850.20</u>
Balance, December 31, 2020	<u><u>\$ 3,039.50</u></u>

License Fees Collected

2018	\$ 2,287.72
2019	<u>3,137.10</u>
	<u><u>\$ 5,424.82</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, 2020**

Balance, December 31, 2019	\$ -
Increased By:	
Cash Receipts	<u>427.20</u>
	427.20
Decreased By:	
Cash Disbursements	<u>427.20</u>
Balance, December 31, 2020	<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, 2020**

	Balance, December 31, 2019	Transfer From Encumbrances Payable	Increased	Decreased	Transfer To Encumbrances Payable	Balance, December 31, 2020
Reserve for:						
Engineering Fees	\$ 269,959.88	\$ 3,537.80	\$ 90,642.68	\$ 86,366.59	\$ 37.50	\$ 277,736.27
Accumulated Sick and Vacation	38,875.70	-	15,000.00	-	-	53,875.70
Bench/Tree Donations	3,412.04	-	1,400.00	122.99	1,522.99	3,166.06
Historic Fisk Chapel	2,770.81	-	-	-	-	2,770.81
Recreation Community Appeals	9,360.93	112.50	3,164.00	-	614.72	12,022.71
Recreation General Programs	51,733.07	5,613.12	54,485.11	46,947.14	10,830.72	54,053.44
Unemployment Compensation Fund	31,909.39	-	16,757.70	1,870.04	-	46,797.05
Recycling	6,467.36	-	481.40	1,423.38	-	5,525.38
Law Enforcement Trust Fund	5,474.33	-	441.39	-	-	5,915.72
Clock Donations	150.00	-	-	-	-	150.00
Public Defender Trust Fund	400.00	-	700.00	-	-	1,100.00
P.O.A.A.	1,140.27	-	2.00	-	-	1,142.27
Veterans Memorial	1,749.77	-	-	-	-	1,749.77
Officer Extra Duty Pay	2,180.50	-	154,117.00	140,867.00	-	15,430.50
Cash Performance	317,082.32	-	6,082.88	53,106.10	-	270,059.10
FH Fields Nature Area	19,815.15	-	5,071.00	-	-	24,886.15
Storm Recovery	44,976.89	3,132.48	108,914.21	113,802.06	15,763.94	27,457.58
Shade Tree Donations	2,503.32	-	1,908.00	-	-	4,411.32
Parking Fund	19,500.00	-	-	-	-	19,500.00
Sidewalk Escrow	36,747.73	183.36	16,865.00	183.36	-	53,612.73
	\$ 866,209.46	\$ 12,579.26	\$ 476,032.37	\$ 444,688.66	\$ 28,769.87	\$ 881,362.56

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
PAYROLL AGENCY TRUST FUND
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 18,427.43
Increased By:	
Cash Receipts	<u>1,198,075.85</u>
	1,216,503.28
Decreased By:	
Cash Disbursements	<u>1,208,469.46</u>
Balance, December 31, 2020	<u><u>\$ 8,033.82</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, 2020

Balance, December 31, 2019		\$ 965,379.29
Increased By:		
Borough Contributions	\$ 77,625.00	
Investment Earnings	<u>22,934.81</u>	
		<u>100,559.81</u>
		1,065,939.10
Decreased By:		
Withdrawals		<u>48,984.63</u>
Balance, December 31, 2020		<u><u>\$ 1,016,954.47</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, 2020

Balance, December 31, 2019		\$ 965,379.29
Increased By:		
Borough Contributions	\$ 77,625.00	
Investment Earnings	<u>22,934.81</u>	
		<u>100,559.81</u>
		1,065,939.10
Decreased By:		
Withdrawals		<u>48,984.63</u>
Balance, December 31, 2020		<u><u>\$ 1,016,954.47</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, 2020

Balance, December 31, 2019		\$ 7,598,278.73
Increased By:		
Capital Improvement Fund		<u>835,000.00</u>
		8,433,278.73
Decreased By:		
Reserve for Payment of Bonds	\$ 2,500.00	
Investment in Special Emergency Note	150,000.00	
Improvement Authorizations	<u>811,742.64</u>	
		<u>964,242.64</u>
Balance, December 31, 2020		<u><u>\$ 7,469,036.09</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, 2020**

	Balance December 31, <u>2020</u>
Fund Balance	\$ 6,156.99
Due From:	
Monmouth County	(340,000.00)
State of New Jersey	(550,000.00)
Notes Receivable	(150,000.00)
Encumbrances Payable	1,651,792.15
Capital Improvement Fund	474,470.00
Reserve For The Payment of Bonds and Notes	61,689.54

<u>Ordinance Number</u>	<u>Improvement Description</u>	
15-16	Roof/Garbage Truck	(0.60)
16-02	Waterfront Navesink	250,000.00
16-14	Various Equipment & Infrastructure	250,000.00
17-07	Various Improvements	5,269,097.65
18-21	Various Improvements/Land Acquisition	380,403.68
19-06	Various Capital Improvements/Equipment	132,077.64
19-11	Various Capital Improvements	(964,284.96)
20-03	Various Equipment/Improvements	215,000.00
20-12	Various Capital Improvements	401,800.00
20-15	Various Capital Improvements	380,834.00
		<u>\$ 7,469,036.09</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, 2020**

Balance, December 31, 2019	\$ 8,727,697.62
Decreased By:	
2020 Budget Appropriations	
To Pay Bonds and Loans	<u>241,775.42</u>
Balance, December 31, 2020	<u><u>\$ 8,485,922.20</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, 2020

Ordinance Number	<u>Improvement Description</u>	<u>Balance</u>		<u>Balance</u>		<u>Expended</u>		<u>Analysis of Balance</u>
		<u>December 31, 2019</u>	<u>Appropriations</u>	<u>December 31, 2020</u>	<u>2020</u>	<u>Expended</u>	<u>Unexpended Improvement Authorization</u>	
16-14	Roof/Garbage Truck	\$ 0.60	\$ -	\$ 0.60	\$ -	\$ -	-	
18-21	Various Capital Improvements	3,918,754.00	-	3,918,754.00	-	-	3,918,754.00	
19-11	Various Capital Improvements	2,103,026.00	-	2,103,026.00	964,284.96	964,284.96	1,138,741.04	
20-12	Various Capital Improvements	-	984,200.00	984,200.00	-	-	984,200.00	
20-15	Various Capital Improvements	-	7,616,666.00	7,616,666.00	-	-	7,616,666.00	
		<u>\$ 6,021,780.60</u>	<u>\$ 8,600,866.00</u>	<u>\$ 14,622,646.60</u>	<u>\$ 964,284.96</u>	<u>\$ 964,284.96</u>	<u>\$ 13,658,361.04</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, 2020 AND 2019**

Balance, December 31, 2020 and 2019

\$ 340,000.00

**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, 2020**

Balance, December 31, 2019	\$ 550,000.00
Increased By:	
Grant Awarded	<u>590,000.00</u>
Balance, December 31, 2020	<u><u>\$ 1,140,000.00</u></u>

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Purpose	Original Issue		Maturities of Bonds Outstanding December 31, 2020		Interest Rate	Balance December 31, 2019	Decreased	Balance December 31, 2020
	Date	Amount	Date	Amount				
General Obligation Bonds, Series 2019	10/03/19	\$ 8,558,000.00	10/01/2021	\$ 235,000.00	4.000%	\$ 8,558,000.00	\$ 233,000.00	\$ 8,325,000.00
			10/01/2022	240,000.00	4.000%			
			10/01/2023	250,000.00	4.000%			
			10/01/2024	260,000.00	4.000%			
			10/01/2025	270,000.00	4.000%			
			10/01/2026	280,000.00	4.000%			
			10/01/2027	295,000.00	4.000%			
			10/01/2028	305,000.00	3.000%			
			10/01/2029	310,000.00	2.000%			
			10/01/2030	320,000.00	2.000%			
			10/01/2031	330,000.00	2.000%			
			10/01/2032	340,000.00	2.000%			
			10/01/2033	350,000.00	2.125%			
			10/01/2034	360,000.00	2.125%			
			10/01/2035	370,000.00	2.250%			
			10/01/2036	385,000.00	2.250%			
			10/01/2037	395,000.00	2.250%			
			10/01/2038	405,000.00	2.375%			
			10/01/2039	415,000.00	2.375%			
			10/01/2040	420,000.00	2.500%			
			10/01/2041	430,000.00	2.500%			
			10/01/2042	445,000.00	2.500%			
			10/01/2043	455,000.00	2.625%			
			10/01/2044	460,000.00	2.625%			
						\$ 8,558,000.00	\$ 233,000.00	\$ 8,325,000.00

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 169,697.62
Decreased By:	
Payment of Principal on Loan	<u>8,775.42</u>
Balance, December 31, 2020	<u><u>\$ 160,922.20</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Ordinance Number	Improvement Description	Ordinance Date	Amount		Balance December 31, 2019		Current Year Authorizations		Transfer From Encumbrances	Paid or Charged	Transfer To Encumbrances	Balance December 31, 2020	
			Funded	Unfunded	Funded	Unfunded	Capital Improvement Fund	Deferred Charges To Future Taxation				Funded	Unfunded
16-02	Waterfront Navesink	02/08/16	250,000.00	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 250,000.00	\$ -
16-12	Various Equipment/Improvements	06/27/16	215,000.00	370.00	-	-	-	-	111,475.57	46,147.21	65,698.36	-	-
16-14	Various Equipment & Infrastructure	09/12/16	1,140,000.00	-	-	-	-	-	-	-	-	250,000.00	-
17-06	Various Equipment/Improvements	05/22/17	215,000.00	45,137.85	-	-	-	-	64,271.59	63,632.27	45,777.17	-	-
17-07/18-12/19-01	Various Equipment/Improvements	07/10/17	6,297,550.00	5,343,290.47	-	-	-	-	236,188.59	76,307.27	234,074.14	5,269,097.65	-
18-13	Various Equipment/Improvements	05/29/18	215,000.00	110,607.22	-	-	-	-	558.00	-	111,165.22	-	-
18-21/18-23/19-02	Various Improvements/Land Acquisition	09/24/18	5,308,750.00	2,822,882.89	-	-	-	-	1,956,909.61	364,678.86	115,955.96	380,403.68	3,918,754.00
19-06	Various Capital Improvements/Equipment	06/24/19	215,000.00	215,000.00	-	-	-	-	-	-	82,922.36	132,077.64	-
19-11	Various Capital Improvements	09/09/19	2,397,000.00	14,657.30	-	-	-	-	278,233.71	260,377.03	996,198.94	-	1,138,741.04
20-03	Various Equipment/Improvements	07/13/20	215,000.00	-	-	-	215,000.00	-	-	-	-	215,000.00	-
20-12	Various Capital Improvements	11/09/20	1,386,000.00	-	-	-	51,800.00	1,334,200.00	-	-	-	401,800.00	984,200.00
20-15	Various Capital Improvements	12/14/20	7,997,500.00	-	-	-	380,834.00	7,616,666.00	-	-	-	380,834.00	7,616,666.00
			\$ 6,229,062.84	\$ 4,925,908.89	\$ -	\$ -	\$ 647,634.00	\$ 8,950,866.00	\$ 2,647,637.07	\$ 811,742.64	\$ 1,651,792.15	\$ 7,279,212.97	\$ 13,658,361.04

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 287,104.00
Increased By:	
2020 Budget Appropriations	<u>835,000.00</u>
	1,122,104.00
Decreased By:	
Improvement Authorizations	<u>647,634.00</u>
Balance, December 31, 2020	<u>\$ 474,470.00</u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 2,647,637.07
Increased By:	
Improvement Authorizations	<u>1,651,792.15</u>
	4,299,429.22
Decreased By:	
Cash Disbursements	<u>2,647,637.07</u>
Balance, December 31, 2020	<u><u>\$ 1,651,792.15</u></u>

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR PAYMENT OF BONDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance, December 31, 2019	\$ 64,189.54
Decreased By:	
2020 Budget Revenue	<u>2,500.00</u>
Balance, December 31, 2020	<u><u>\$ 61,689.54</u></u>

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, 2020

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2019</u>	<u>Increased</u>	Balance December 31, <u>2020</u>
15-16	Roof/Garbage Truck	\$ 0.60	\$ -	\$ 0.60
18-21/18-23/19-02	Various Capital Improvements	3,918,754.00	-	3,918,754.00
19-11	Various Capital Improvements	2,103,026.00	-	2,103,026.00
20-12	Various Capital Improvements	-	984,200.00	984,200.00
20-15	Various Capital Improvements	-	7,616,666.00	7,616,666.00
		<u>\$ 6,021,780.60</u>	<u>\$ 8,600,866.00</u>	<u>\$ 14,622,646.60</u>

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GENERAL FIXED ASSETS ACCOUNT GROUP

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**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Balance December 31, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2020</u>
Land	\$ 17,213,846.00	\$ -	\$ -	\$ 17,213,846.00
Buildings	1,381,862.50	-	-	1,381,862.50
Equipment	4,328,873.69	144,738.62	-	4,473,612.31
Improvements	673,107.92	-	-	673,107.92
	<u>\$ 23,597,690.11</u>	<u>\$ 144,738.62</u>	<u>\$ -</u>	<u>\$ 23,742,428.73</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, 2020

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**BOROUGH OF FAIR HAVEN
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020**

This section identifies the status of prior year findings related to the financial statements.

Financial Statement Findings

No Prior Year Findings.

BOROUGH OF FAIR HAVEN

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2020:

<u>Name</u>	<u>Title</u>
Benjamin Lucarelli	Mayor
Susan Sorensen	Council President
Christopher Rodriguez	Council Member
James Banahan	Council Member
Elizabeth Koch	Council Member
Meghan Chrisner-Keefe	Council Member
Michael McCue	Council Member
Theresa Casagrande	Borough Administrator
Allyson Cinquegrana	Clerk
Colleen Lapp	Chief Financial Officer
Debra Marchetti	Tax Collector
Peter Lucas	Judge
Michele R. Smallze	Court Administrator
Salvatore Alfieri	Attorney
Gregory T. Hutchinson	Assessor

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194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010
1415 Hooper Avenue, Suite 305, Unit A, Toms River, NJ 08753 • By Appointment Only
www.hfacpas.com

Honorable Mayor and Members
of the Borough Council
Borough of Fair Haven
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, 2020.

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 months of January through June 2020. As of July 1, 2020, the bid threshold increased to \$44,000 for the year ended December 31, 2020.

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 6, 2020 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.

A handwritten signature in black ink, appearing to read 'R. W. Allison', with a long horizontal line extending to the left.

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

Lakewood, New Jersey
August 23, 2021