

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 17, 2026

NEW ISSUE
BOOK-ENTRY ONLY

Rating: S&P AA+
(See "RATING" herein)

In the opinion of Bond Counsel (as herein defined), assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to the Bonds (as defined herein) and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Bonds is not treated as a preference in calculating the alternative minimum tax imposed by the Code; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under the laws of the State of New Jersey, as enacted and construed on the date of original delivery of the Bonds, interest on the Bonds and gain from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

\$17,740,000*
BOROUGH OF FAIR HAVEN
IN THE COUNTY OF MONMOUTH
STATE OF NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2026
(Callable)
Dated: Date of Delivery
Due: March 1, as shown on the inside front cover

The Borough of Fair Haven, in the County of Monmouth, State of New Jersey (the "Borough") is offering its \$17,740,000* General Obligation Bonds, Series 2026 (the "Bonds"). The Bonds constitute general obligations of the Borough and the full faith and credit and unlimited ad valorem taxing power of the Borough are pledged to the payments of the principal thereof and the interest thereon.

The Bonds will be issued in fully registered book-entry only form and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry only form in the principal amount of \$5,000 each or any integral multiple thereof, except that any amount of Bonds maturing in any one year in excess of the largest principal amount thereof equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiple thereof.

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on March 1 and September 1 of each year, commencing September 1, 2026, at such rates of interest, as shown on the inside front cover page hereof until maturity or earlier redemption. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the Borough or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the Borough to the registered owner thereof as of the Record Dates (as defined herein). The Bonds are subject to redemption prior to maturity as described herein.

Proceeds of the Bonds will be used to: (i) refund, on a current basis, a portion of the Borough's Bond Anticipation Notes, in the amount of \$17,740,000, issued through Monmouth County Improvement Authority Governmental Pooled Loan Project Notes, Series 2025, dated March 13, 2025, and maturing March 13, 2026 and (ii) pay certain costs associated with the issuance of the Bonds.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if received by the Purchaser (as defined herein) and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality thereof by Dilworth Paxson LLP, Freehold, New Jersey, Bond Counsel, and certain other conditions described herein. NW Financial Group, LLC, Bloomfield, New Jersey, serves as Municipal Advisor to the Borough in connection with the issuance of the Bonds. It is expected that the Bonds, in definitive form, will be available for delivery on or about March 11, 2026.

**BIDS FOR THE BONDS, IN ACCORDANCE WITH THE NOTICE OF SALE FOR THE BONDS,
WILL BE RECEIVED ON FEBRUARY 24, 2026.**

* Preliminary, subject to change.

**BOROUGH OF FAIR HAVEN
IN THE COUNTY OF MONMOUTH
STATE OF NEW JERSEY**

**\$17,740,000* GENERAL OBLIGATION BONDS, SERIES 2026
(Callable)**

MATURITIES, PRINCIPAL AMOUNTS*, INTEREST RATES, YIELDS AND CUSIPS**

<u>Maturity</u> <u>March 1</u>	<u>Principal</u> <u>Amounts*</u>	<u>Interest Rates</u>	<u>Yields</u>	<u>CUSIP**</u>
		%	%	
2027	\$535,000			
2028	535,000			
2029	560,000			
2030	580,000			
2031	605,000			
2032	630,000			
2033	655,000			
2034	685,000			
2035	715,000			
2036	745,000			
2037	775,000			
2038	805,000			
2039	845,000			
2040	880,000			
2041	920,000			
2042	965,000			
2043	1,005,000			
2044	1,050,000			
2045	1,050,000			
2046	1,060,000			
2047	1,070,000			
2048	1,070,000			

* Preliminary, subject to change.

** CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by S&P Global's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Borough does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**BOROUGH OF FAIR HAVEN
IN THE COUNTY OF MONMOUTH,
STATE OF NEW JERSEY**

MAYOR

Joshua Halpern

BOROUGH COUNCIL

Council President, Elizabeth Koch

Tracy Cole

Michal DiMiceli

Brian Olson

Christina Malecki

Kevin Griffin

BOROUGH ADMINISTRATOR

Christopher J. York, Ed.S

CHIEF FINANCIAL OFFICER

Nancy Britton

TAX COLLECTOR

Nancy Britton

BOROUGH CLERK

Allyson Cinquegrana

BOROUGH ATTORNEY

Andrew Sobel, Esq.

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Lakewood, New Jersey

BOND COUNSEL

Dilworth Paxson LLP

Freehold, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC

Bloomfield, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Bonds other than those contained in this document, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness and such information is not to be construed as a representation of warranty by the Purchaser or, as to information from sources other than itself, by the Borough. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this document to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein.

This document does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this document. If given or made, such other information or representations must not be relied upon as having been authorized by the Borough or the Purchaser.

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**OFFICIAL STATEMENT
OF
BOROUGH OF FAIR HAVEN
IN THE COUNTY OF MONMOUTH
STATE OF NEW JERSEY**

RELATING TO

**\$17,740,000* GENERAL OBLIGATION BONDS, SERIES 2026
(Callable)**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Fair Haven (the “Borough”), in the County of Monmouth (the “County”), State of New Jersey (the “State”) in connection with the sale and issuance of \$17,740,000* General Obligation Bonds, Series 2026 (the “Bonds”).

General Description

The Bonds will be dated the date of delivery and will mature on March 1 in each of the years and in the principal amounts as shown on the inside cover page hereof. The interest on the Bonds will be payable semi-annually beginning September 1, 2026 and, on each March 1 and September 1 thereafter until maturity, or earlier redemption. The record dates for the Bonds are each preceding February 15 and August 15, respectively (the “Record Dates”). The Bonds will be issued in book-entry form only. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Bonds are general obligations of the Borough and are secured by a pledge of the full faith and credit of the Borough for the payment of the principal thereof and interest thereon. The Borough is obligated to levy ad valorem taxes upon all of the taxable property within the Borough for the payment of principal of and interest on the Bonds without limitation as to rate or amount.

Optional Redemption

The Bonds maturing prior to March 1, 2035 are not subject to optional redemption. The Bonds maturing on or after March 1, 2035 shall be subject to redemption at the option of the Borough, in whole or in part, on any date on or after March 1, 2034 at a price of 100% of the principal amount being redeemed (the “Redemption Price”), plus unpaid accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the Owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Borough or a duly appointed Bond Registrar. So long as The Depository Trust Company (“DTC”) (or any successor thereto) acts as securities depository for the Bonds (“Securities Depository”), such Notice of Redemption shall be sent directly to such depository and not to the Beneficial Owners of the Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice

* Preliminary, subject to change.

of Redemption shall not affect the validity of the redemption proceedings. If the Borough determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Borough; within a maturity the Bonds to be redeemed shall be selected by the Securities Depository in accordance with its procedures.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on and after such redemption date.

Authorization for the Issuance of the Bonds

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”), and are authorized by various bond ordinances duly adopted by the Borough Council on the dates set forth in the charts on the following pages and published and approved as required by law, and by a resolution duly adopted by the Borough Council on June 26, 2024.

The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Borough. Such estoppel period has concluded as of the date of this Official Statement.

Purpose of the Bonds

The proceeds of the Bonds will be used to provide funds to: (i) refund, on a current basis, a portion of the Borough’s Bond Anticipation Notes, in the amount of \$17,740,000, issued through Monmouth County Improvement Authority Governmental Pooled Loan Project Notes, Series 2025, dated March 13, 2025, and maturing March 13, 2026 and (ii) pay certain costs associated with the issuance of the Bonds.

The purposes for which the Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Borough, which bond ordinances are described in the following tables by ordinance number, description and date of final adoption and amount being financed with the Bonds. The bond ordinances are:

Ordinance Number	Description and Date of Adoption	Amount to Be Issued
2019-11	Various general capital improvements, finally adopted September 9, 2019	1,964,673.05
2020-12	Various general capital improvements, finally adopted November 9, 2020	975,130.30
2020-15	Various general capital improvements, finally adopted December 14, 2020	7,150,162.24
2022-10	Various general capital improvements, finally adopted July 28, 2020	1,930,117.94
2023-17	Various general capital improvements, finally adopted October 27, 2023	5,719,916.47
TOTAL:		<u>\$17,740,000.00</u>

Payment of Bonds

The Bonds are general obligations of the Borough for which the full faith and credit of the Borough will be pledged. The Borough is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Borough for the payment of principal of and interest on Bonds without limitation as to rate or amount. See "SECURITY FOR THE BONDS" herein.

Denominations and Placement of Payment

The Bonds are issuable only as fully registered bonds without coupons, and when issued will be in the form of one certificate per maturity for each series of the Bonds and will be registered in the name of Cede & Co., as registered owner and nominee for DTC. DTC will act as Securities Depository for the Bonds. Purchase of the Bonds will be made in book entry form, in the denomination of \$5,000 each or any integral multiple thereof except that any amount of Bonds maturing in any one year in excess of the largest principal amount thereof equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

BOOK-ENTRY-ONLY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations concerning these matters.

DTC will act as securities depository for each series of the Bonds. The Bonds will each be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bonds ("Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices, if any, shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, if any, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the Paying Agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Borough or the Paying Agent, if any. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Borough may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

NEITHER THE BOROUGH NOR ITS DESIGNATED PAYING AGENT WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry Only System

In the event that the book-entry only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Borough/paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Borough/paying agent together with the duly executed assignment in form satisfactory to the Borough/paying agent; and (iii) for every exchange or registration of transfer of Bonds, the Borough/paying agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates.

SECURITY FOR THE BONDS

The Bonds are general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the Bonds. The Borough is required by law to levy *ad valorem* taxes on all taxable real property in the Borough for the payment of the principal, redemption premium, if any, of and the interest on the Bonds, without limitation as to rate or amount.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than 100% of the smallest amount of any prior year's principal amount. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds issued by the Borough are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit. As shown in Appendix "A", the Borough has not exceeded its statutory debt limit as of December 31, 2023.

Exceptions to Debt Limits - Extensions of Credit

The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Borough, without approval of the Local Finance Board, to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short Term Financing

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for one-year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads, and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of the governing body of a local governmental unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt

service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.4% or less.

Additionally, legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care over 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

The Division has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable property within the boundaries of the Borough to pay debt service on bonds and notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Borough must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before the April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local units financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for each local unit is on file with the Clerk and is available for review during business hours.

School Debt Subject to Voter Approval

State law permits local school districts, upon approval of the voters in a Type II school district, to authorize school district debt, including debt in excess of its independent debt limitation by using the available borrowing capacity of the constituent municipality. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the constituent municipality, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters for approval.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Borough has covenanted to comply with the provisions of the Code applicable to the Bonds, and has covenanted not to take any action or permit any action that would cause the interest on the Bonds to be included in gross income under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference for purposes of the alternative minimum tax imposed by the Code on individuals. Dilworth Paxson LLP, Freehold, New Jersey ("Bond Counsel"), will not independently verify the accuracy of those certifications and representations.

Assuming the Borough observes its covenants with respect to compliance with the Code, Bond Counsel is of the opinion that, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of Bonds, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. Bond Counsel is further of the opinion that interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed by the Code, however; interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. See "Certain Federal Tax Considerations" below.

State Taxes

In the opinion of Bond Counsel, under the laws of the State of New Jersey as enacted and construed on the date of original delivery of the Bonds, interest on the Bonds and any gains from the sale thereof are excludable from in gross income under the New Jersey Gross Income Tax Act.

Original Issue Discount

The initial public offering price of certain Bonds may be less than the stated Redemption Price thereof at maturity (each a "Discount Bond"). The difference between the initial public offering price for any such Discount Bond and the stated Redemption Price at maturity is "original issue discount." For federal income tax purposes, original issue discount accrues to the original holder of the Discount Bond

over the period of its maturity based on the constant yield method compounded annually as interest with the same tax exemption and alternative minimum tax status (if applicable) as regular interest. The accrual of original issue discount increases the holder's tax basis in the Discount Bond for determining taxable gain or loss on the maturity, redemption, prior sale or other disposition of a Discount Bond. Purchases of the Bonds should consult their tax advisors for an explanation of the accrual rules for original issue discount and any other federal, state or local tax consequences of the purchase of Bonds with original issue discount.

Original Issue Premium

The initial public offering price of the Bonds may be greater than the stated Redemption Price thereof at maturity (each a "Premium Bond or Note"). The difference between the initial public offering price for any such Premium Bond and the stated Redemption Price at maturity is "original issue premium." For federal income tax purposes original issue premium is amortizable periodically over the term of the Premium Bond through reductions in the holder's tax basis for the Premium Bond for determining gain or loss from sale or redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Bond rather than creating a deductible expense or loss. Purchasers of the Bonds should consult their tax advisors for an explanation of the accrual rules for original issue premium and any other federal, state or local tax consequences of the purchase of the Premium Bonds.

Certain Federal Tax Considerations

Ownership of the Bonds may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Bonds. The nature and extent of the tax benefit to a taxpayer of ownership of the Bonds will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Bonds should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Bonds.

Backup Withholding

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Changes in Law and Post-Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This impact could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of interest on the Bonds from gross income of the owners thereof for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding such matters.

Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption "TAX MATTERS." Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Section 265 Qualification

The Code denies the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which must be so designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

The Borough is not designating the Bonds as qualified for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations under Section 265 of the Code.

General

Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption "TAX MATTERS". Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of counsel other than Bond Counsel.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF HOLDING THE BONDS. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds or notes of the Borough including the Bonds, and such Bonds are authorized security for any and all public deposits.

CONTINUING DISCLOSURE

Pursuant to the requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Borough will deliver concurrently with the delivery of the Bonds, a Continuing Disclosure Certificate in substantially the form annexed hereto as Appendix "C" (the "Continuing Disclosure Certificate"). The Borough has covenanted for the benefit of the Bondholders, in accordance with the provisions of the Continuing Disclosure Certificate for the Bonds, to provide or cause to be provided, in accordance with the requirements of the Rule, certain financial information and operating data to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access ("EMMA") dataport. The Borough has also covenanted in the Continuing Disclosure Certificate for the Bonds to provide notices of the occurrence of certain enumerated events.

The Borough has entered into prior continuing disclosure undertakings under the Rule. The Borough has previously failed to comply with prior undertakings to timely provide financial and operating data for the year ended December 31, 2023. The Borough has implemented procedures to avoid future late filings by retaining the services of NW Financial Group, LLC to assist the Borough with their disclosure filings.

LITIGATION

There is no litigation of any nature now pending, or to the knowledge of the attorney for the Borough, Andrew Sobel Esq. (the "Borough Attorney"), threatened restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, no litigation is presently pending, or to the knowledge of the attorney for the Borough, threatened that, in the opinion of the attorney for the Borough, would have a material adverse impact on the financial condition of the Borough if adversely decided. A certificate to such effect will be executed by the attorney for the Borough and delivered to the purchaser of the Bonds at the closing.

MUNICIPAL BANKRUPTCY

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Notes, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors' rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 through 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

CERTAIN REFERENCES

The foregoing statements and descriptions of provisions of the New Jersey Constitution, the Local Bond Law and other laws of the State of New Jersey, the Federal Bankruptcy Code, the Ordinances of the Borough and the Bond and all references to other material not purported to be quoted in full are only brief, generalized descriptions thereof, do not purport to be complete, and are in all respects subject to and qualified in their entireties by express reference to the complete provisions thereof. Copies of the ordinances will be furnished by the Borough on request.

All estimates and assumptions herein are believed to be reasonable, but no warranty, guaranty or other representation is made that such estimates or assumptions will be realized or are correct. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

CERTIFICATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein relating to the Borough are true and correct in all material respects and, upon request, it will confirm to the purchasers of the Bonds, by certificates signed by an official of the Borough, that to their knowledge such descriptions and statements, as of the date hereof, and as of closing, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

All other information has been obtained from sources which the Borough considers to be reliable and it makes no warranty, guaranty or other representation which respect to the accuracy and completeness of such information.

Bond Counsel has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency"), has assigned a rating of "AA+" to the Bonds based upon the creditworthiness of the Borough.

An explanation of the significance of such rating may be obtained from the Rating Agency at 55 Water Street, New York, New York 10041. The ratings are not a recommendation to buy, sell or hold the Bonds and there is no assurance that such rating will continue for any given period of time or that such

ratings will not be revised downward or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings by the Rating Agency may have an adverse effect on the market price of the Bonds.

PURCHASING

The Bonds have been purchased from the Borough at a public sale by _____ (the “Purchaser”) at a price of \$ _____ (the “Purchase Price”). The Purchaser has purchased the Bonds in accordance with the Notice of Sale. The Purchase Price reflects the par amount of the Bonds plus a bid premium of \$ _____.

The Purchaser intends to offer the Bonds to the public initially at the offering yields set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Purchaser reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Purchaser may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside front cover of this Official Statement, and such yields may be changed from time to time, by the Purchaser without prior notice.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Bloomfield, New Jersey has served as Municipal Advisor to the Borough with respect to the issuance of the Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix “D”. Certain legal matters will be passed on for the Borough by the Borough Attorney.

FINANCIAL STATEMENTS

The financial statements of the Borough for the years ended December 31, 2024 are presented in Appendix “B” to this Official Statement. The financial statements referred to above have been audited by Holman Frenia Allison, P.C., Lakewood, New Jersey, an independent auditor, as stated in its report appearing in Appendix B hereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Borough’s Chief Financial Officer, 748 River Road, Fair Haven, New Jersey 07704, telephone (732) 747-0241 ext. 210 or the Borough’s Municipal Advisor, NW Financial Group, LLC, 522 Broad Street, Bloomfield, New Jersey 07003, telephone (201) 656-0115.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof.

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

By: _____
Nancy Britton, Chief Financial Officer

Dated: February _____, 2026

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APPENDIX A
GENERAL INFORMATION REGARDING THE BOROUGH

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INFORMATION REGARDING THE BOROUGH¹

The following material presents certain economic and demographic information of the Borough of Fair Haven (the “Borough”), in the County of Monmouth (the “County”), State of New Jersey (the “State”).

General Information

The Borough is believed to have been inhabited by native Americans prior to the coming of European settlers in the 1660’s. The recorded history of the Borough begins in the early 19th century when the Borough was part of Shrewsbury Township. The Borough’s first permanent dwelling was built by Jeremiah Chandler in 1816 on the riverbank near the foot of what is now Fair Haven Road. The river provided an economic base for a growing community and steamboats on the New York-Red Bank run made regular stops. In recognition of the many 19th century structures still found there, this part of the Borough has become known as the “Old Village.” Throughout the past century, the original Old Village is remarkably unchanged and is now part of an historic district. Fair Haven remained a part of Shrewsbury Township until March 28, 1912, when it was incorporated as a Borough by Act of the New Jersey State Legislature. Portions of the Borough were exchanged with the Borough of Red Bank on June 17, 1957.

According to the United States Census Bureau, the Borough has a total area of 1.7 square miles. The Borough is located in the northeastern part of the County. It is bordered by the Navesink River to the north, the Borough of Rumson to the east and south, the Borough of Little Silver to the south and the Borough of Red Bank to the west. The Navesink River affords excellent sailing and fishing. The Borough is three (3) miles from the shores of the Atlantic Ocean. The Borough is located south of the New York-northern New Jersey metropolitan area and east of the Greater Philadelphia metropolitan area, each respectively being approximately 50 miles and 85 miles from the Borough.

The Borough is located near major transportation corridors to the south of the New York-northern New Jersey metropolitan area and to the east of the Greater Philadelphia metropolitan area. Exit 109 to the Garden State Parkway is located nearby, which is the principal north to south route in the State proceeding north to the New York-northern New Jersey metropolitan area and south to Atlantic City and Cape May. State Route 35 is also located nearby. The Borough is situated north of Interstate 195, which proceeds westerly to Interstate 95 which is a major beltway serving the eastern seaboard of the United States.

Form of Government

The Borough is governed by the Borough form of government, with a mayor and a six (6) member Borough Council. The mayor serves a four (4) year term. Borough Council members serve three (3) year terms on a staggered basis, with two (2) seats coming up for election each year. The Borough Council is the legislative body which formulates policy, appropriates funds and adopts ordinances and resolutions for the conduct of the Borough’s business. All officials are elected on a partisan basis.

¹ Source: The Borough, unless otherwise indicated.

Public Safety

The Borough provides police protection on a 24-hour, 7-day a week basis through its police department. The uniformed officers are supported by civilian employees.

Volunteer Emergency Groups

The Borough is serviced by the Fair Haven Fire Company which is an all-volunteer organization that provides emergency services for the Borough and surrounding communities. The firefighting equipment is modern and is owned by the Borough.

The Borough is also serviced by the Fair Haven First Aid Squad, which is an all-volunteer unit of the Fair Haven Fire Company. Ambulances and other modern equipment provide emergency treatment and transportation when required for accident or illness.

Department of Public Works

The Department of Public Works provides for the maintenance and upkeep of Borough property, buildings, roads, traffic signs and lines, snow removal, brush, leaves and debris pick-up, maintenance of vehicles and recycling. Semi-weekly garbage and refuse collection is presently performed by the Department of Public Works. Recycling is conducted each week.

Library Facilities

The Borough maintains a library with over 25,000 items in its computer catalog. In addition to books, encyclopedias and other library materials, the library has computers and internet access, videos, DVDs, CDs and cassettes and subscribes to many magazines and newspapers. The Borough also participates in the Monmouth County Library system.

Recreational Facilities

The Borough operates various parks, which offer amenities such as baseball fields, soccer fields, basketball courts, tennis courts, playgrounds and picnic areas. Additionally, the Monmouth County Park System has more than 30 parks, forests, gardens, wetland/marine habitats, golf courses, historic sites, recreation areas and conservation properties totaling over 14,000 acres.

Education

The Borough's students from grades pre-kindergarten (Pre-K) through eight (8) attend the Fair Haven School District. It is governed by The Board of Education of the Fair Haven School District.

The Borough's students from grades nine (9) through twelve (12) attend the Rumson-Fair Haven Regional High School District (the "Regional High School District"). The Regional High School District also serves the Borough of Rumson. It is governed by The Board of Education of

the Rumson-Fair Haven Regional High School District. The Regional High School District provides a full range of educational services appropriate to grades nine (9) through twelve (12).

Pension and Retirement Systems

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

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

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

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

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Borough, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough</u>				
2024	3,116	3,025	91	2.9%
2023	3,108	3,024	84	2.7%
2022	3,085	3,012	73	2.4%
2021	3,011	2,909	102	3.4%
2020	2,975	2,835	140	4.7%
<u>County</u>				
2024	339,123	325,289	13,834	4.1%
2023	338,284	325,147	13,137	3.9%
2022	334,576	322,603	11,973	3.6%
2021	329,326	309,251	20,075	6.1%
2020	326,911	298,052	20,075	8.8%
<u>State</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2020)

	<u>Borough</u>	<u>County</u>	<u>State</u>
Median Household Income	\$184,201	\$103,523	\$85,245
Median Family Income	201,016	130,727	104,804
Per Capita Income	89,873	53,886	44,153

Source: US Bureau of the Census, 2020 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the Borough, the County, and the State.

<u>Year</u>	<u>Borough</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2020	6,269	2.42%	643,615	2.10%	9,288,994	5.65%
2010	6,121	3.10	630,380	2.45	8,791,894	4.49
2000	5,937	12.66	615,301	11.24	8,414,350	8.85
1990	5,270	-7.20	553,124	9.93	7,730,188	4.96
1980	5,679	-7.54	503,173	8.95	7,365,001	2.75

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the Borough and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2024 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Taxpayer 1	\$6,798,500	0.26%
Taxpayer 2	6,418,400	0.25%
Taxpayer 3	5,309,600	0.21%
Taxpayer 4	5,156,400	0.20%
Taxpayer 5	4,814,400	0.19%
Taxpayer 6	4,747,500	0.18%
Taxpayer 7	4,745,200	0.18%
Taxpayer 8	4,673,700	0.18%
Taxpayer 9	4,581,500	0.18%
Taxpayer 10	4,571,800	0.18%
Total	<u>\$51,817,000</u>	<u>2.00%</u>

Source: Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2024	\$38,083,350	\$37,925,652	99.59%
2023	37,278,331	37,090,626	99.50%
2022	36,126,072	35,811,959	99.13%
2021	35,196,511	35,036,571	99.54%
2020	33,987,139	33,845,680	99.58%

Source: 2024 Audited Annual Financial Statements of the Borough

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2024	0	\$166,512	\$166,512	0.44%
2023	0	180,121	180,121	0.48%
2022	0	289,253	289,253	0.80%
2021	0	146,771	146,771	0.42%
2020	0	125,192	125,192	0.37%

Source: 2024 Audited Annual Financial Statements of the Borough

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2024	\$0
2023	0
2022	0
2021	0
2020	0

Source: 2024 Audited Annual Financial Statements of the Borough

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Borough residents for the past five (5) years.

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
2025	\$0.311	\$0.638	\$0.261	\$0.217	\$1.427
2024	0.312	0.682	0.251	0.224	1.469
2023	0.343	0.713	0.277	0.241	1.574
2022	0.373	0.854	0.320	0.260	1.707
2021	0.405	0.855	0.320	0.275	1.855

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2025	\$2,826,652,400	\$3,010,279,446	93.90	\$541,816	\$3,010,821,262
2024	2,585,544,400	2,753,215,206	93.91	543,146	2,753,758,352
2023	2,357,462,600	2,530,009,229	93.18	527,459	2,530,536,688
2022	2,104,140,600	2,382,405,571	88.32	518,952	2,382,924,523
2021	1,882,904,200	2,119,671,507	88.83	513,323	2,120,184,830

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Borough for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2025	\$12,775,800	\$2,740,871,000	0	\$73,005,600	0	0	\$2,826,652,400
2024	11,192,800	2,506,434,200	0	67,917,400	0	0	2,585,544,400
2023	13,719,300	2,280,193,000	0	63,550,300	0	0	2,357,462,600
2022	11,661,200	2,032,176,800	0	60,302,600	0	0	2,104,140,600
2021	9,099,200	1,815,124,000	0	58,681,000	0	0	1,882,904,200

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the Borough’s Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fund Balance Utilized	\$1,250,000	\$1,250,000	\$1,500,000	\$1,590,000	\$1,600,000
Miscellaneous Revenues	1,091,974	1,318,348	1,487,170	3,477,928	1,829,125
Receipts from Delinquent Taxes	100,000	100,000	140,000	140,000	160,000
Amount to be Raised by Taxation	<u>7,635,928</u>	<u>7,850,982</u>	<u>8,077,883</u>	<u>8,077,495</u>	<u>8,793,634</u>
Total Revenue:	<u>\$10,077,902</u>	<u>\$10,519,330</u>	<u>\$11,205,053</u>	<u>\$13,285,423</u>	<u>\$12,382,759</u>
<u>Appropriations</u>					
General Appropriations	\$7,452,997	\$7,845,812	\$8,203,274	\$8,739,816	\$8,974,256
Operations (Excluded from CAPS)	777,254	718,368	1,054,629	2,503,457	943,353
Deferred Charges and Statutory Expenditures	550,001	400,000	400,000	250,000	250,000
Judgments	0	33,000	0	0	0
Capital Improvement Fund	250,000	450,000	450,000	525,000	400,000
Municipal Debt Service	497,650	497,150	497,150	642,150	1,190,150
Reserve for Uncollected Taxes	<u>550,000</u>	<u>575,000</u>	<u>600,000</u>	<u>625,000</u>	<u>625,000</u>
Total Appropriations:	<u>\$10,077,902</u>	<u>\$10,519,330</u>	<u>\$11,205,053</u>	<u>\$13,285,423</u>	<u>\$12,382,759</u>

Source: Annual Adopted Budgets of the Borough

Fund Balance

Current Fund

The following table lists the Borough’s fund balance and the amount utilized in the succeeding year’s budget for the Current Fund for the past five (5) fiscal years ending December 31.

	<u>Fund Balance - Current Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget</u>
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2024	\$3,816,244	\$1,600,000
2023	3,473,830	1,590,000
2022	3,032,120	1,500,000
2021	2,374,441	1,250,000
2020	2,148,869	1,250,000

Source: 2024 Audited Annual Financial Statements of the Borough

Borough Indebtedness as of December 31, 2025

General Purpose Debt

Serial Bonds	\$7,070,000
Bond Anticipation Notes	17,905,000
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>114,327</u>
Total:	\$25,089,327

Local School District Debt

Serial Bonds	\$14,955,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$14,955,000

Regional School District Debt

Serial Bonds	\$3,177,797
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$3,177,797

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$0

TOTAL GROSS DEBT

\$43,222,125

Less: Statutory Deductions

General Purpose Debt	\$52,243
Local School District Debt	14,955,000
Regional School District Debt	3,177,797
Self-Liquidating Debt	<u>0</u>
Total:	<u>\$25,037,084</u>

TOTAL NET DEBT

\$25,037,084

Source: 2025 Annual Debt Statement of the Borough

Overlapping Debt (as of December 31, 2024)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Borough Percentage</u>	<u>Borough Share</u>
Local School District	\$16,492,000	100.00%	\$16,492,000
Regional School District	10,215,000	33.07%	3,378,531
County	1,643,106,400	1.40%	<u>23,010,588</u>
Net Indirect Debt			\$42,881,119
Net Direct Debt			<u>25,266,722</u>
Total Net Direct and Indirect Debt			<u>\$68,147,841</u>

Debt Limit

Average Equalized Valuation Basis (2022, 2023, 2024)	\$2,555,210,002
Permitted Debt Limitation (3 1/2%)	89,432,350
Less: Net Debt	25,266,722
Remaining Borrowing Power	\$64,165,628
Percentage of Net Debt to Average Equalized Valuation	0.989%
Gross Debt Per Capita based on 2020 population of 6,269	\$7,231
Net Debt Per Capita based on 2020 population of 6,269	\$4,030

Source: Annual Debt Statement of the Borough

Litigation

The status of pending litigation is included in the Notes to Financial Statements of the Borough's annual audit report.

² Borough percentage of County debt is based on the Borough's share of total equalized valuation in the County.

APPENDIX B
FINANCIAL STATEMENTS OF THE BOROUGH

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**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
AUDIT REPORT FOR THE YEAR ENDED
DECEMBER 31, 2024**

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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, 2024**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the various funds and account group of the Borough of Fair Haven, which comprise the statements of assets, liabilities, reserves and fund balance – regulatory basis as of December 31, 2024 and 2023, and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the statements of revenues – regulatory basis and statement of expenditures – regulatory basis for the year ended December 31, 2024, and the related notes to the financial statements.

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 Borough of Fair Haven, as of December 31, 2024 and 2023, and the results of its operations and changes in fund balance – regulatory basis for the years then ended and the statements of revenues – regulatory basis, statements of expenditures – regulatory basis for the year ended December 31, 2024, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Fair Haven, as of December 31, 2024 and 2023, or the results of its operations and changes in fund balance for the years then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Fair Haven and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control(s) relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Fair Haven's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Fair Haven's ability to continue as a going concern for a reasonable period of time.

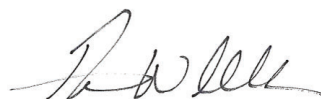
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2025, on our consideration of the Borough of Fair Haven's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 of Fair Haven'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 of Fair Haven'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. W. Allison', written in a cursive style.

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

Lakewood, New Jersey
July 22, 2025

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Certified Public Accountants + Advisors

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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 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, 2024, and the related notes to the financial statements, which collectively comprise the Borough of Fair Haven's basic financial statements, and have issued our report thereon dated July 22, 2025. Our report indicated that the Borough of Fair Haven'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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Fair Haven's internal control over financial reporting (internal control) as a basis for designing 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 of Fair Haven's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Fair Haven'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

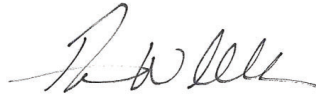
As part of obtaining reasonable assurance about whether the Borough of Fair Haven's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 of Fair Haven'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 of Fair Haven'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 'R. W. Allison', written in a cursive style.

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

Lakewood, New Jersey
July 22, 2025

FINANCIAL STATEMENTS

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CURRENT FUND

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BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current Fund:		
Cash	\$ 11,264,758.90	\$ 10,886,048.81
Change Fund	400.00	400.00
Due from State of New Jersey - Senior & Vets	2,478.63	2,478.63
	<hr/>	<hr/>
	11,267,637.53	10,888,927.44
	<hr/>	<hr/>
Receivables With Full Reserves:		
Taxes Receivable	166,511.69	180,121.57
Revenue Accounts Receivable	3,006.16	1,257.92
	<hr/>	<hr/>
	169,517.85	181,379.49
	<hr/>	<hr/>
Deferred Charges:		
Emergency Authorization	8,150.00	-
	<hr/>	<hr/>
Total Current Fund	11,445,305.38	11,070,306.93
	<hr/>	<hr/>
Grant Fund:		
Cash	-	198,678.83
Due From Current Fund	34,558.90	85,232.12
Grants Receivable	1,506,244.00	72,489.00
	<hr/>	<hr/>
Total Grant Fund	1,540,802.90	356,399.95
	<hr/>	<hr/>
Total Assets	\$ 12,986,108.28	\$ 11,426,706.88
	<hr/> <hr/>	<hr/> <hr/>

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

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023

<u>Liabilities, Reserves and Fund Balance</u>	<u>2024</u>	<u>2022</u>
Current Fund:		
Appropriation Reserves	\$ 1,263,869.87	\$ 810,860.92
Encumbrances Payable	327,799.75	355,302.96
Accounts Payable	400.00	3,534.38
Due To:		
Grant Fund	34,558.90	85,232.12
State of New Jersey - Marriage Licenses	100.00	150.00
Prepaid Taxes	147,053.27	190,435.73
Tax Overpayments	2,631.70	3,741.52
Local District School Tax Payable	5,177,933.97	5,320,707.97
Regional High School Tax Payable	90,210.49	235,199.49
County Taxes Payable	20,008.37	24,424.65
Reserve for:		
Tax Title Liens Premiums	148,580.00	72,080.00
Tax Appeals Pending	170,282.74	145,282.74
Insurance Reimbursements	71,414.75	66,634.67
LOSAP Payable	-	54,094.46
Municipal Relief Fund Aid	-	47,415.61
	<hr/>	<hr/>
	7,454,843.81	7,415,097.22
	<hr/>	<hr/>
Reserve for Receivables and Other Assets	169,517.85	181,379.49
Fund Balance	3,820,943.72	3,473,830.22
	<hr/>	<hr/>
Total Current Fund	11,445,305.38	11,070,306.93
	<hr/>	<hr/>
Grant Fund:		
Reserve for Grants:		
Encumbrances Payable	195,966.84	-
Appropriated	1,344,836.06	157,689.27
Unappropriated	-	198,710.68
	<hr/>	<hr/>
Total Grant Fund	1,540,802.90	356,399.95
	<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance	\$ 12,986,108.28	\$ 11,426,706.88
	<hr/> <hr/>	<hr/> <hr/>

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

BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 1,590,000.00	\$ 1,500,000.00
Miscellaneous Revenue Anticipated	3,737,308.66	1,933,914.41
Receipts From Delinquent Taxes	180,121.57	289,753.50
Non-Budget Revenues	123,350.72	203,462.16
Receipts From Current Taxes	37,925,651.94	37,090,625.66
Appropriation Reserves Lapsed	902,230.51	675,740.76
Prior Year Accounts Payable Cancelled	2,134.00	-
Reserve for LOSAP Payable	46,296.74	-
	<hr/>	<hr/>
Total Revenues	44,507,094.14	41,693,496.49
	<hr/>	<hr/>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	3,656,500.00	3,577,713.00
Other Expenses	6,582,922.90	4,834,672.74
Deferred Charges and Statutory Expenditures	1,012,000.00	967,000.00
Capital Improvements	525,000.00	450,000.00
Municipal Debt Service	636,520.32	468,306.99
Deferred Charges	250,000.00	400,000.00
Local District School Tax	17,627,930.00	16,820,704.00
Regional High School Tax	6,479,228.00	6,529,217.00
County Taxes	5,786,721.12	5,679,248.63
County Share of Added Taxes	20,008.28	24,424.56
Prior Year Senior and Vets Disallowed	-	500.00
Outside Lien Reserve Adjustment	1,300.00	-
	<hr/>	<hr/>
Total Expenditures	42,578,130.62	39,751,786.92
	<hr/>	<hr/>
Excess in Revenue	1,928,963.52	1,941,709.57
	<hr/>	<hr/>
Adjustment To Income Before Fund Balance:		
Expenditures Included Above Which Are		
By Statute Deferred Charges To Budget		
of Succeeding Year	8,150.00	-
	<hr/>	<hr/>
Statutory Excess	1,937,113.52	1,941,709.57
	<hr/>	<hr/>
Fund Balance, January 1	3,473,830.20	3,032,120.65
	<hr/>	<hr/>
	5,410,943.72	4,973,830.20
Decreased By:		
Utilization as Anticipated Revenue	1,590,000.00	1,500,000.00
	<hr/>	<hr/>
Fund Balance, December 31	\$ 3,820,943.72	\$ 3,473,830.20
	<hr/> <hr/>	<hr/> <hr/>

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

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF 2024 REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Anticipated</u>	<u>Anticipated 40A:4-87</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	\$ 1,590,000.00	\$ -	\$ 1,590,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	7,500.00	-	7,876.00	376.00
Other	3,000.00	-	5,064.00	2,064.00
Fees and Permits	55,000.00		86,921.00	31,921.00
Fines and Costs:				
Municipal Court	25,000.00	-	52,599.25	27,599.25
Interest and Costs on Taxes	65,000.00	-	56,843.99	(8,156.01)
Interest on Investments and Deposits	300,000.00	-	499,209.72	199,209.72
Cable Franchise Fees	86,500.00	-	86,938.26	438.26
Cell Tower Lease	235,000.00	-	241,198.98	6,198.98
Energy Receipts Tax	460,000.00	-	460,000.38	0.38
Uniform Construction Code Fees	240,000.00	-	246,663.00	6,663.00
Reserve to Pay Bonds & Notes	140,500.00	-	140,500.00	-
ILSA - FH BOE SLE III	105,000.00	-	101,565.74	(3,434.26)
American Rescue Plan Funds	200,378.82	-	200,378.83	0.01
Uniform Fire Safety Act	3,500.00	-	-	(3,500.00)
Municipal Relief Fund Aid	47,415.61	-	47,415.61	-
Alcohol Education Rehabilitation Enforcement Program	-	122.58	122.58	-
Recycling Tonnage Grant	-	12,092.58	12,092.58	-
Clean Communities Program	-	15,140.31	15,140.31	-
NJ Body Armor Grant	1,331.85	1,372.58	2,704.43	-
NJ DCA Local Recreation Improvement Grant	-	35,000.00	35,000.00	-
HUD Community Project Grant- Community Center	-	1,250,000.00	1,250,000.00	-
CDBG Bicentennial Hall ADA Improvements	-	174,074.00	174,074.00	-
NJ DEP Deep Mgmt Grant Forestry Survey	-	15,000.00	15,000.00	-
	<u>1,975,126.28</u>	<u>1,502,802.05</u>	<u>3,737,308.66</u>	<u>259,380.33</u>
Receipts From Delinquent Taxes	<u>140,000.00</u>	<u>-</u>	<u>180,121.57</u>	<u>40,121.57</u>
Amount To Be Raised By Taxes for Support of Municipal Budget	<u>8,077,494.57</u>	<u>-</u>	<u>8,636,764.54</u>	<u>559,269.97</u>
Budget Revenues	<u>11,782,620.85</u>	<u>1,502,802.05</u>	<u>14,144,194.77</u>	<u>858,771.87</u>
Non-Budget Revenues	<u>-</u>	<u>-</u>	<u>123,350.72</u>	<u>123,350.72</u>
	<u>\$ 11,782,620.85</u>	<u>\$ 1,502,802.05</u>	<u>\$ 14,267,545.49</u>	<u>\$ 982,122.59</u>
<u>Allocation of Current Tax Revenues</u>				
Allocation of Current Tax Collections:				
Revenue From Collections			\$ 37,925,651.94	
Allocation To School, Open Space and County Taxes			29,913,887.40	
Balance for Support of Municipal Budget Appropriations			8,011,764.54	
Add: Appropriation "Reserve for Uncollected Taxes"			<u>625,000.00</u>	
Amount for Support of Municipal Budget Appropriations			<u>\$ 8,636,764.54</u>	
<u>Receipts From Delinquent Taxes</u>				
Delinquent Tax Collections			<u>\$ 180,141.57</u>	

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF 2024 REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Analysis of Non-Budget Revenues

Police Reports	\$ 280.00
Certified Copies	910.00
Certified Property List	620.00
Motor Vehicle Inspection Fines	450.00
Towing Operator	450.00
Recycling/Trash Cans	495.00
Engineering Fees	12,900.00
Miscellaneous Tax Collector Revenue	50.00
Field/Youth Center Usage	42,131.20
NSF Check Fee	60.00
Admin Fee SC/Vet	400.00
Miscellaneous	19,974.52
Pod Structure	1,200.00
Street Opening	13,800.00
Tax Map	300.00
Police Outside Work	<u>29,330.00</u>
	<u><u>\$ 123,350.72</u></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 2024 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
GENERAL GOVERNMENT						
General Administration:						
Salaries and Wages	\$ 229,500.00	\$ 229,500.00	\$ 207,709.22	\$ -	\$ 21,790.78	\$ -
Other Expenses	103,402.00	103,402.00	70,682.44	21,094.31	11,625.25	-
Municipal Clerk:						
Salaries and Wages	110,900.00	116,400.00	115,881.86	-	518.14	-
Other Expenses	19,550.00	19,550.00	7,521.43	737.82	11,290.75	-
Mayor and Council:						
Other Expenses	5,250.00	5,250.00	5,026.60	70.00	153.40	-
Financial Administration (Treasury):						
Salaries and Wages	87,500.00	101,250.00	101,143.19	-	106.81	-
Other Expenses	24,000.00	24,000.00	13,338.23	5,081.33	5,580.44	-
Audit Services	39,000.00	35,500.00	33,950.00	-	1,550.00	-
Revenue Administration (Tax Collection):						
Salaries and Wages	46,000.00	46,000.00	37,471.05	-	8,528.95	-
Other Expenses	3,350.00	3,350.00	1,548.68	-	1,801.32	-
Tax Assessment Administration:						
Salaries and Wages	31,500.00	31,500.00	31,150.44	-	349.56	-
Other Expenses	14,450.00	14,450.00	11,267.45	-	3,182.55	-
Legal Services (Legal Department):						
Other Expenses	76,000.00	79,500.00	56,211.25	18,460.00	4,828.75	-
Engineering Services:						
Salaries and Wages	259,200.00	259,200.00	241,684.33	-	17,515.67	-
Other Expenses	11,000.00	11,000.00	477.00	3,641.00	6,882.00	-
Insurance:						
General Liability	190,000.00	190,000.00	164,086.00	-	25,914.00	-
Workers Compensation	115,000.00	115,000.00	110,448.00	-	4,552.00	-
Employee Group Health	1,375,000.00	1,375,000.00	1,012,646.98	1,563.30	360,789.72	-
Health Waivers	25,000.00	25,000.00	12,882.36	-	12,117.64	-
LAND USE ADMINISTRATION						
Planning Board:						
Salaries and Wages	18,300.00	18,300.00	13,291.61	-	5,008.39	-
Other Expenses	29,050.00	29,050.00	9,578.79	6,118.69	13,352.52	-
Zoning Board of Adjustment:						
Salaries and Wages	18,300.00	18,300.00	13,608.33	-	4,691.67	-
Other Expenses	18,350.00	18,350.00	8,325.51	1,946.99	8,077.50	-
Zoning Officer:						
Salaries and Wages	53,100.00	58,600.00	57,268.46	-	1,331.54	-
Other Expenses	1,250.00	1,250.00	275.72	-	974.28	-

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 2024 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
PUBLIC SAFETY						
Police Department:						
Salaries and Wages	1,871,700.00	1,871,700.00	1,848,621.52	-	23,078.48	-
Other Expenses	122,450.00	122,450.00	94,826.77	20,780.62	6,842.61	-
Historic Preservation Committee:						
Other Expenses	200.00	200.00	-	-	200.00	-
Office of Emergency Management:						
Other Expenses	2,250.00	2,250.00	1,759.67	400.00	90.33	-
Aid To Volunteer Fire Companies:						
Other Expenses	84,400.00	84,400.00	56,575.69	21,980.07	5,844.24	-
First Aid Organization:						
Other Expenses	23,250.00	23,250.00	15,645.53	7,350.17	254.30	-
Municipal Prosecutor's Office:						
Other Expenses	13,235.00	13,235.00	9,926.25	3,308.75	-	-
PUBLIC WORKS						
Streets and Road Maintenance:						
Salaries and Wages	569,200.00	569,200.00	515,822.62	-	53,377.38	-
Other Expenses	42,000.00	42,000.00	30,560.47	6,054.90	5,384.63	-
Shade Tree Commission:						
Other Expenses	19,250.00	19,250.00	15,149.50	745.50	3,355.00	-
Solid Waste Collection						
Other Expenses	540,000.00	500,000.00	350,888.28	36,501.67	112,610.05	-
Recycling Program:						
Salaries and Wages	30,000.00	30,000.00	3,560.26	-	26,439.74	-
Other Expenses	55,250.00	55,250.00	16,673.29	17,083.00	21,493.71	-
Buildings and Grounds:						
Salaries and Wages	20,000.00	20,000.00	9,126.00	-	10,874.00	-
Other Expenses	175,250.00	175,250.00	134,785.58	30,473.01	9,991.41	-
Vehicle Maintenance:						
Salaries and Wages	50,000.00	50,000.00	-	-	50,000.00	-
Other Expenses	104,000.00	144,000.00	100,745.02	10,607.70	32,647.28	-
HEALTH AND WELFARE						
Board of Health:						
Other Expenses	500.00	500.00	-	422.50	77.50	-
Environmental Health Services:						
Other Expenses	4,500.00	4,500.00	1,314.05	-	3,185.95	-

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 2024 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
RECREATION AND EDUCATION						
Board of Recreation Commissioners:						
Salaries and Wages	80,100.00	80,600.00	80,138.52	-	461.48	-
Other Expenses	13,950.00	13,950.00	10,051.79	3,873.72	24.49	-
Maintenance of Parks and Playgrounds:						
Other Expenses	22,750.00	22,750.00	13,194.41	3,970.67	5,584.92	-
Celebration of Public Events:						
Other Expenses	10,000.00	10,000.00	10,000.00	-	-	-
CODE ENFORCEMENT AND ADMINISTRATION						
Code Enforcement:						
Salaries and Wages	27,400.00	27,400.00	7,669.67	-	19,730.33	-
Other Expenses	950.00	950.00	633.18	66.82	250.00	-
Municipal Court:						
Salaries and Wages	16,000.00	16,000.00	15,779.04	-	220.96	-
Other Expenses	410.00	410.00	200.00	-	210.00	-
Public Defender:						
Other Expenses	3,000.00	3,000.00	1,350.00	150.00	1,500.00	-
UNCLASSIFIED						
Utilities:						
Fire Hydrant Service	92,500.00	94,500.00	84,832.65	8,514.99	1,152.36	-
Electricity	51,000.00	51,000.00	41,228.31	7,372.47	2,399.22	-
Street Lighting	50,000.00	50,000.00	35,587.22	6,467.05	7,945.73	-
Telephone	55,500.00	55,500.00	46,583.83	2,530.69	6,385.48	-
Water	25,000.00	25,000.00	19,471.22	1,542.94	3,985.84	-
Gas (natural or propane)	35,000.00	33,000.00	20,762.26	6,753.23	5,484.51	-
Fuel Oil	32,000.00	32,000.00	15,542.11	1,293.12	15,164.77	-
Gasoline	70,000.00	70,000.00	48,235.53	3,475.87	18,288.60	-
Landfill/Solid Waste Disposal Costs	475,000.00	475,000.00	334,195.83	41,998.05	98,806.12	-
Accumulated Sick and Vacation	5,000.00	5,000.00	5,000.00	-	-	-
Snow Removal	2,000.00	2,000.00	2,000.00	-	-	-
Salary and Wage Adjustment	71,000.00	45,750.00	-	-	45,750.00	-
Cell Tower	90,000.00	90,000.00	89,108.65	-	891.35	-
Total Operations - Within "CAPS"	7,859,947.00	7,859,947.00	6,425,019.65	302,430.95	1,132,496.40	-
Contingent	3,000.00	3,000.00	-	-	3,000.00	-
Total Operations Including Contingent - Within "CAPS"	7,862,947.00	7,862,947.00	6,425,019.65	302,430.95	1,135,496.40	-

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 2024 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
Detail:						
Salaries and Wages	3,594,700.00	3,574,700.00	3,304,926.12	-	278,899.88	-
Other Expenses (Including Contingent)	4,268,247.00	4,288,247.00	3,120,093.53	262,470.53	856,596.52	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
STATUTORY EXPENDITURES						
Contribution To:						
Public Employees' Retirement System	235,000.00	235,000.00	234,454.35	-	545.65	-
Social Security System (O.A.S.I.)	195,000.00	195,000.00	174,748.94	-	20,251.06	-
Police & Firemen's Retire System of NJ	566,000.00	566,000.00	564,074.31	-	1,925.69	-
Defined Benefit Contribution Plan	16,000.00	16,000.00	9,823.07	-	6,176.93	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	1,012,000.00	1,012,000.00	983,100.67	-	28,899.33	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	8,874,947.00	8,874,947.00	7,408,120.32	302,430.95	1,164,395.73	-
Aid To Library:						
Salaries and Wages	81,800.00	81,800.00	56,248.00	-	25,552.00	-
Stormwater Management	10,000.00	10,000.00	2,000.00	-	8,000.00	-
LOSAP	80,000.00	80,000.00	72,450.00	-	7,550.00	-
Recycling Tax	18,000.00	18,000.00	11,586.73	2,513.01	3,900.26	-
Reserve for Tax Appeals	25,000.00	25,000.00	25,000.00	-	-	-
Total Other Operations - Excluded from "CAPS"	214,800.00	214,800.00	167,284.73	2,513.01	45,002.26	-
Interlocal Municipal Service Agreements:						
ILSA Fire Prevention	7,500.00	7,500.00	7,292.90	-	207.10	-
ILSA Construction	200,000.00	200,000.00	186,712.01	-	13,287.99	-
Dispatch ILSA	68,000.00	67,900.00	66,995.00	-	905.00	-
Records ILSA	3,500.00	3,600.00	3,600.00	-	-	-
Fair Haven BOE- School Officers	105,000.00	105,000.00	87,466.15	1,637.62	15,896.23	-
Little Silver Library Services	40,000.00	40,000.00	40,000.00	-	-	-
Monmouth County SPCA	10,000.00	10,000.00	-	-	10,000.00	-
Jersey Shore Regional Health Svcs	68,000.00	68,000.00	50,460.51	16,820.17	719.32	-
FH BOE IT ILSA	12,000.00	20,150.00	15,752.00	4,398.00	-	-
COURT ILSA	80,000.00	80,000.00	73,510.72	-	6,489.28	-
ILSA- Finance	35,000.00	35,000.00	28,154.08	-	6,845.92	-
Tax Collector ILSA	20,392.00	20,392.00	20,270.96	-	121.04	-
Total Interlocal Municipal Service Agreements	649,392.00	657,542.00	580,214.33	22,855.79	54,471.88	-

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 2024 EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances</u>	<u>Reserved</u>	<u>Cancelled</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Alcohol Education Rehabilitation Enforcement Program	-	122.58	122.58	-	-	-
Clean Communities Program	-	15,140.31	15,140.31	-	-	-
NJ Body Armor Grant	1,331.85	2,704.43	2,704.43	-	-	-
Recycling Tonnage Grant	-	12,092.58	12,092.58	-	-	-
NJ DCA Local Recreation Improvement Grant	-	35,000.00	35,000.00	-	-	-
HUD Community Project Grant-Community Center	-	1,250,000.00	1,250,000.00	-	-	-
NJ DEP Deep Management Grant Forestry Survey	-	15,000.00	15,000.00	-	-	-
CDBG Bicentennial Hall ADA Improvements	-	174,074.00	174,074.00	-	-	-
Total Public and Private Programs Offset By Revenues	1,331.85	1,504,133.90	1,504,133.90	-	-	-
Total Operations - Excluded From "CAPS"	865,523.85	2,376,475.90	2,251,632.96	25,368.80	99,474.14	-
Detail:						
Salaries and Wages	81,800.00	81,800.00	56,248.00	-	25,552.00	-
Other Expenses	783,723.85	2,294,675.90	2,195,384.96	25,368.80	73,922.14	-
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund	525,000.00	525,000.00	525,000.00	-	-	-
Total Capital Improvements - Excluded From "CAPS"	525,000.00	525,000.00	525,000.00	-	-	-
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	260,000.00	260,000.00	260,000.00	-	-	-
Interest on Bonds	200,000.00	200,000.00	196,181.27	-	-	3,818.73
Interest on Notes	170,000.00	170,000.00	168,213.33	-	-	1,786.67
Green Acres Loan	12,150.00	12,150.00	12,125.72	-	-	24.28
Total Municipal Debt Service - Excluded From "CAPS"	642,150.00	642,150.00	636,520.32	-	-	5,629.68
Deferred Charges - Municipal - Excluded From "CAPS"						
Unfunded - Ordinance #2020-15	250,000.00	250,000.00	250,000.00	-	-	-
Total Deferred Charges - Municipal - Excluded From "CAPS"	250,000.00	250,000.00	250,000.00	-	-	-

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 2024 EXPENDITURES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Original Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved	Cancelled
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	2,282,673.85	3,793,625.90	3,663,153.28	25,368.80	99,474.14	5,629.68
Subtotal General Appropriations	11,157,620.85	12,668,572.90	11,071,273.60	327,799.75	1,263,869.87	5,629.68
Reserve for Uncollected Taxes	625,000.00	625,000.00	625,000.00	-	-	-
Total General Appropriations	<u>\$ 11,782,620.85</u>	<u>\$ 13,293,572.90</u>	<u>\$ 11,696,273.60</u>	<u>\$ 327,799.75</u>	<u>\$ 1,263,869.87</u>	<u>\$ 5,629.68</u>

General Appropriations Chapter 159 Emergency Authorization	\$ 11,782,620.85 1,502,802.05 8,150.00
	<u>\$ 13,293,572.90</u>

Analysis of Paid or Charged:	
Reserve for Uncollected Taxes	\$ 625,000.00
Cash Disbursed	9,542,139.70
Reserve for Tax Appeals	25,000.00
Reserve for State Grants - Appropriated	1,504,133.90
	<u>\$ 11,696,273.60</u>

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TRUST FUND

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

**STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Animal Control Trust Fund:		
Cash - Treasurer	\$ 1,611.31	\$ 4,359.61
Other Trust Funds:		
Cash - Treasurer	2,363,580.88	2,208,029.15
Payroll Agency Trust Fund:		
Cash - Treasurer	13,365.04	13,462.38
Length of Service Award Program: Fund ("LOSAP"):		
Investments	1,379,153.35	1,178,731.31
Total Assets	<u>\$ 3,757,710.58</u>	<u>\$ 3,404,582.45</u>
 <u>Liabilities and Reserves</u>		
Animal Control Trust Fund:		
Reserve for Animal Control Fund Expenditures	\$ 361.31	\$ 3,409.61
Reserve for Encumbrances	1,250.00	950.00
Animal Control Trust Fund	<u>1,611.31</u>	<u>4,359.61</u>
Other Trust Funds:		
Encumbrances Payable	57,719.01	28,137.78
Various Reserves	2,305,861.87	2,179,891.15
Other Trust Funds:	<u>2,363,580.88</u>	<u>2,208,029.15</u>
Payroll Agency Trust Fund:		
Payroll Deductions Payable	13,365.04	13,462.38
Length of Service Award Program: Fund ("LOSAP"):		
Miscellaneous Reserves	1,379,153.35	1,178,731.31
Total Liabilities and Reserves	<u>\$ 3,757,710.58</u>	<u>\$ 3,404,582.45</u>

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

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GENERAL CAPITAL FUND

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**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023**

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Cash	\$ 13,550,605.39	\$ 10,345,009.00
Deferred Charges To Future Taxation:		
Funded	7,464,020.81	7,733,523.34
Unfunded	17,655,000.00	17,995,079.50
Due From:		
Monmouth County	500,000.00	500,000.00
State of New Jersey	1,815,962.90	2,198,537.50
	<hr/>	<hr/>
Total Assets	<u>\$ 40,985,589.10</u>	<u>\$ 38,772,149.34</u>
 <u>Liabilities, Reserves and Fund Balance</u>		
General Serial Bonds	\$ 7,340,000.00	\$ 7,600,000.00
Green Acres Loan	124,020.81	133,523.34
Bond Anticipation Note	17,905,000.00	4,980,000.00
Improvement Authorizations:		
Funded	748,088.40	2,099,535.62
Unfunded	6,872,842.24	9,291,562.95
Capital Improvement Fund	609,407.50	374,407.50
Encumbrances Payable	6,836,018.97	13,744,585.13
Reserve for DOT Grants Receivable	350,000.00	350,000.00
Reserve for Payment of Bonds	192,377.81	192,377.81
Fund Balance	7,833.37	6,156.99
	<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance	<u>\$ 40,985,589.10</u>	<u>\$ 38,772,149.34</u>

There were bonds and notes authorized but not issued on December 31, 2024 of \$0.00 and on December 31, 2023 of \$13,015,079.50

**BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

Balance, December 31, 2023	\$ 6,156.99
Increased By	
Premium on Note Sale	<u>1,676.38</u>
Balance, December 31, 2024	<u><u>\$ 7,833.37</u></u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

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BOROUGH OF FAIR HAVEN
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2024 AND 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Land	\$ 9,728,600.00	\$ 9,728,600.00
Buildings	2,900,601.00	2,900,601.00
Equipment	9,427,094.86	9,427,094.86
Improvements	301,522.91	301,522.91
	<hr/>	<hr/>
Total Assets	<u>\$ 22,357,818.77</u>	<u>\$ 22,357,818.77</u>
<u>Liabilities</u>		
Investments in Fixed Assets	<u>\$ 22,357,818.77</u>	<u>\$ 22,357,818.77</u>
Total Liabilities	<u>\$ 22,357,818.77</u>	<u>\$ 22,357,818.77</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, 2024**

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**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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, 2024**

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, 2024

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's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Part 200, §200.12), 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. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at 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 asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

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

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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 I 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, 2024

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

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are 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.

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. The following GASB pronouncement effective for the current year did have a significant impact on the Borough's financial statements.

Accounting Pronouncements Adopted in Current Year

The following GASB Statements became effective for the fiscal year ended December 31, 2024:

- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.
- Statement No. 101, *Compensated Absences*. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

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

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Accounting Pronouncements Effective in Future Reporting Periods

The following accounting pronouncements will become effective in future reporting periods:

- Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.
- Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.
- Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

Management has not yet determined the potential impact these Statements will have on the Borough's financial statements.

Note 2. Deposits and Investments

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

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Borough relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2024, the Borough's bank balance of \$27,103,431.99 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 24,291,528.61
Uninsured and Uncollateralized	<u>2,811,588.25</u>
	<u>\$ 27,103,116.86</u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 2. Deposits and Investments (continued):

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, 2024, 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.

Mutual Funds: Valued at quoted market prices which represent the net asset value (“NAV”) shares held by the Borough at year-end.

The Borough’s fair value, hierarchy level and maturities of its investments at December 31, 2024 was as followed:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2024 Level 1</u>	<u>Investment Maturities (in Years) Less Than 1 Year</u>
Money Markets	\$ 2,367.57	\$ -	\$ -
Mutual Funds	932,354.72	932,354.72	932,354.72
	<u>\$ 934,722.29</u>	<u>\$ 932,354.72</u>	<u>\$ 932,354.72</u>
 <u>Fund</u>			
Trust Fund - LOSAP (Fair Value)	934,722.29	932,354.72	932,354.72
	<u>\$ 934,722.29</u>	<u>\$ 932,354.72</u>	<u>\$ 932,354.72</u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 2. Deposits and Investments (continued):

Investments at Contract Value - The Borough held a fully benefit-responsive investment contract with the Lincoln Financial Group (Lincoln) totaling \$444,431.06 as of December 31, 2024. Lincoln maintains the contributions in the group fixed annuity contract (fixed account). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional investment contract held by the Borough is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the LOSAP Plan. The Borough's ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the contract issuer's ability to meet its financial obligations. The fixed account continues in-force until they are terminated by Lincoln or the LOSAP Plan and do not define a maturity date.

No events are probable of occurring that might limit the ability of the LOSAP Plan to transact at contract value with the contract issuer and also limit the ability of the LOSAP Plan to transact at contract value with participants. This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value. The total Trust Fund LOSAP value held by the Borough at December 31, 2024 was as follows:

	<u>12/31/2024</u>
Trust Fund - LOSAP (Fair Value)	\$ 934,722.29
Trust Fund - LOSAP (Contract Value)	<u>444,431.06</u>
Total Trust Fund - LOSAP	<u><u>\$ 1,379,153.35</u></u>

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

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

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.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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>2024</u>	<u>2023</u>	<u>2022</u>
Tax Rate	<u>\$ 1.469</u>	<u>\$ 1.574</u>	<u>\$ 1.708</u>
Apportionment of Tax Rate:			
Municipal	0.312	0.343	0.373
County General	0.224	0.241	0.261
Local School	0.682	0.713	0.780
Regional School	0.251	0.277	0.294

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2024	\$ 2,586,087,546.00
2023	2,357,990,059.00
2022	2,104,659,552.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2024	\$ 38,083,350.13	\$ 37,925,651.94	99.59%
2023	37,278,331.03	37,090,625.66	99.50%
2022	36,126,072.70	35,811,959.47	99.13%

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>
2024	\$ -	\$ 166,511.69	\$ 166,511.69	0.44%
2023	-	180,121.57	180,121.57	0.48%
2022	-	289,253.60	289,253.60	0.80%

The last tax sale was held on October 25, 2024.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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, 2024, 2023 or 2022.

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:			
2024	\$ 3,816,243.72	\$ 1,600,000.00	41.93%
2023	3,473,830.20	1,590,000.00	45.77%
2022	3,032,120.65	1,500,000.00	49.47%

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, 2024:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ -	\$ 36,258.90
State and Federal Grant Fund	36,258.90	-
	<u>\$ 36,258.90</u>	<u>\$ 36,258.90</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.

Fund	Transfers In	Transfers Out
Current Fund	\$ -	\$ 525,000.00
General Capital Fund	525,000.00	-
	<u>\$ 525,000.00</u>	<u>\$ 525,000.00</u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 8. Fixed Assets

The following is a summary of the General Fixed Assets Account Group for the year ended December 31, 2023 and 2024.

	Balance December 31, <u>2024 & 2023</u>
Land	\$ 9,728,600.00
Buildings	2,900,601.00
Improvements	301,522.91
Machinery & Equipment	<u>9,427,094.86</u>
	 <u>\$ 22,357,818.77</u>

Note 9. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Annual Comprehensive Financial Report (ACFR) 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.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 9. Pension Obligations (continued)

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

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 2024, the State's pension contribution was more than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the Borough's contractually required contribution to PERS plan was \$245,467.

Components of Net Pension Liability - At December 31, 2024, the Borough's proportionate share of the PERS net pension liability was \$2,451,214. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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, 2024. The Borough's proportion measured as of June 30, 2024, was .0180394876% which was an increase of .006727476% from its proportion measured as of June 30, 2023.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 9. Pension Obligations (continued)

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

Balances at December 31, 2024 and December 31, 2023

	<u>12/31/2024</u>	<u>12/31/2023</u>
Actuarial valuation date (including roll forward)	June 30, 2024	June 30, 2023
Deferred Outflows of Resources	\$ 150,778	\$ 123,860
Deferred Inflows of Resources	187,250	214,630
Net Pension Liability	2,451,214	2,515,461
Borough's portion of the Plan's total Net Pension Liability	0.01804%	0.01737%

Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources - At December 31, 2024, the Borough's proportionate share of the PERS expense/(credit), calculated by the plan as of the June 30, 2024 measurement date is \$127,772. This expense/(credit) 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 \$245,467 to the plan in 2024.

At December 31, 2024, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 49,102	\$ 6,526
Changes of Assumptions	3,045	27,889
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	113,656
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	98,631	39,179
	<u>\$ 150,778</u>	<u>\$ 187,250</u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 9. Pension Obligations (continued)

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

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ (92,183)
2026	92,418
2027	(34,440)
2028	(14,856)
2029	<u>12,589</u>
	<u>\$ (36,472)</u>

Special Funding Situation – Under N.J.S.A. 43:15A-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, are Chapter 366, P.L. 2001 and Chapter 133, 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, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Additionally, the State has no proportionate share of the PERS net pension liability attributable to the Borough as of December 31, 2024. At December 31, 2024, the State's proportionate share of the PERS expense, associated with the Borough, calculated by the plan as of the June 30, 2024 measurement date was \$7,903.

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, 2024**

Note 9. Pension Obligations (continued)

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

Inflation:	
Price	2.75%
Wage	3.25%
 Salary Increases:	
	2.75 - 6.55%
	Based on Years of Service
 Investment Rate of Return	7.00%

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-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2024) 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, 2024 are summarized in the following table:

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 100% 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 3,284,477</u>	<u>\$ 2,451,214</u>	<u>\$ 1,780,303</u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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 Annual Comprehensive Financial Report (ACFR) 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 2023, the State contributed an amount less than the actuarially determined amount.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 9. Pension Obligations (continued)

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

The Local employers’ contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law.

This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the Borough’s contractually required contribution to PFRS plan was \$538,215.

Components of Net Pension Liability - At December 31, 2024, the Borough’s proportionate share of the PFRS net pension liability was \$4,018,054. The net pension liability was measured as of June 30, 2024. 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, 2023, to the measurement date of June 30, 2024. 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, 2024. The Borough’s proportion measured as of June 30, 2024, was .03890975%, which was a decrease of .002314% from its proportion measured as of June 30, 2023.

Balances at December 31, 2024 and December 31, 2023

	<u>12/31/2024</u>	<u>12/31/2023</u>
	June 30, 2024	June 30, 2023
Actuarial valuation date (including roll forward)	June 30, 2024	June 30, 2023
Deferred Outflows of Resources	\$ 396,088	\$ 629,243
Deferred Inflows of Resources	558,656	642,848
Net Pension Liability	4,018,054	4,544,723
Borough's portion of the Plan's total Net Pension Liability	0.03891%	0.04122%

Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources – At December 31, 2024, the Borough’s proportionate share of the PFRS expense/(credit), calculated by the plan as of the June 30, 2024 measurement date was \$150,584. This expense/(credit) 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 \$538,215 to the plan in 2024.

At December 31, 2024, 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, 2024**

Note 9. Pension Obligations (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 253,134	\$ 137,556
Changes of Assumptions	6,352	118,004
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	31,449
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	136,602	271,647
	\$ 396,088	\$ 558,656

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:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ (217,133)
2026	201,746
2027	(78,793)
2028	(48,645)
2029	744
Thereafter	(20,487)
	\$ (162,568)

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, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 9. Pension Obligations (continued)

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

contributing entities’ total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the non-employer contributing entities’ total proportionate share of the collective pension expense associated with the local participating employer.

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the Borough is \$792,151 as of December 31, 2024. The net pension liability was measured as of June 30, 2024. 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, 2023, to the measurement date of June 30, 2024. 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, 2024 was .03890995%, which was a decrease of .002314% from its proportion measured as of June 30, 2023, which is the same proportion as the Borough’s. At December 31, 2024, 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	\$ 4,018,054
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	792,151
	\$ 4,810,205

At December 31, 2024, the State’s proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2024 measurement date was \$91,131.

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All future years
	3.25 - 16.25%
	Based on Years of Service
Investment Rate of Return	7.00%

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 9. Pension Obligations (continued)

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

Employee mortality rates were based on the Pub-2010 amount-weighted mortality table (sex-specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2024) 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, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small-Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private Equity	10.00%	10.10%
	<u>100.00%</u>	

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 9. Pension Obligations (continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 100% 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:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 6,332,276	\$ 4,544,723	\$ 3,056,119
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	1,169,364	839,261	564,365
	\$ 7,501,640	\$ 5,383,984	\$ 3,620,484

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

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, 2024. 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, 2023.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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) Annual Comprehensive Financial Report (ACFR), 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.

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.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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, 2023 were \$15,006,539,477 and \$16,149,595,478, 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, 2022 through June 30, 2023. 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, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. 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:

Salary Increases*:

Public Employees' Retirement System (PERS)

Rate for all future years 2.75% to 6.55%

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 16.25%

Mortality:

PERS

Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PERS

Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

* - Salary Increases are based on years of service within the respective plan.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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, 2023 was \$9,705,780. The Borough's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2023, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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, 2023, the State proportionate share of the OPEB Obligation attributable to the Borough was 0.0646770031%, which was an increase of 0.009150023% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2023, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$(299,782) 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, 2023 measurement date.

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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 6.50% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2022 was 3.65%. 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.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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, 2023, 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 (1.16%)	At Discount Rate (2.16%)	At 1% Increase (3.16%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Borough	\$ 11,242,386.91	\$ 9,705,780.00	\$ 8,469,816.75
State of New Jersey's Total Nonemployer OPEB Liability	17,382,355,978.00	15,006,539,477.00	13,095,561,553.00

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

The following presents the net OPEB liability as of June 30, 2022, 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	\$ 8,248,770.97	\$ 9,705,780.00	\$ 11,571,196.82
State of New Jersey's Total Nonemployer OPEB Liability	12,753,792,805.00	15,006,539,477.00	17,890,743,651.00

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2023:

Collective Balances at December 31, 2023 and December 31, 2022

	12/31/2023	12/31/2022
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Collective Deferred Outflows of Resources	\$ 9,133,524,491.00	\$ 7,897,070,518.00
Collective Deferred Inflows of Resources	14,817,220,551.00	13,408,600,309.00
Collective Net OPEB Liability	15,006,539,477.00	16,149,595,478.00
Borough's Portion	0.064677%	0.055527%

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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:	
2024	\$ (1,702,483,126.00)
2025	(1,394,440,795.00)
2026	(754,368,466.00)
2027	(353,621,247.00)
2028	(713,799,887.00)
Thereafter	<u>(764,982,539.00)</u>
	<u>\$ (5,683,696,060.00)</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 7.82, 8.05, 7.87, 8.14 and 8.04 years for the 2022, 2021, 2020 and 2019 amounts, respectively.

Plan Membership

At June 30, 2022, the Program membership consisted of the following:

	<u>June 30, 2022</u>
Active Plan Members	65,613
Retirees Currently Receiving Benefits	<u>34,771</u>
Total Plan Members	<u><u>100,384</u></u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

Service Cost	\$ 597,135,801.00
Interest on the Total OPEB Liability	581,375,849.00
Change of Benefit Terms	23,039,435.00
Differences Between Expected and Actual Experience	(2,123,324,632.00)
Changes of Assumptions	255,103,873.00
Contributions From the Employer	(431,386,179.00)
Contributions From Non-Employer Contributing Entity	(55,614,980.00)
Net Investment Income	(2,001,914.00)
Administrative Expense	<u>12,616,744.00</u>
Net Change in Total OPEB Liability	(1,143,056,001.00)
Total OPEB Liability (Beginning)	<u>16,149,595,478.00</u>
Total OPEB Liability (Ending)	<u><u>\$ 15,006,539,477.00</u></u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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>2024</u>	<u>2023</u>	<u>2022</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 25,369,020.81	\$ 12,713,523.34	\$ 7,992,838.63
Total Debt Issued	<u>25,369,020.81</u>	<u>12,713,523.34</u>	<u>7,992,838.63</u>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	-	13,015,079.50	12,641,962.00
Total Authorized But Not Issued	<u>-</u>	<u>13,015,079.50</u>	<u>12,641,962.00</u>
Total Gross Debt	<u>\$ 25,369,020.81</u>	<u>\$ 25,728,602.84</u>	<u>\$ 20,634,800.63</u>
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	\$ 192,377.81	\$ 192,377.81	\$ 56,689.54
Total Deductions	<u>192,377.81</u>	<u>192,377.81</u>	<u>56,689.54</u>
Total Net Debt	<u>\$ 25,176,643.00</u>	<u>\$ 25,536,225.03</u>	<u>\$ 20,578,111.09</u>

Summary of Statutory Debt Condition - Annual Debt Statement

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 16,492,000.00	\$ 16,492,000.00	\$ -
Regional School Debt	3,378,531.07	3,378,531.07	-
General Debt	25,459,100.31	192,377.81	25,266,722.50
	<u>\$ 45,329,631.38</u>	<u>\$ 20,062,908.88</u>	<u>\$ 25,266,722.50</u>

Net Debt \$25,176,643.50 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$2,555,210,002.00 equals 0.985%. 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, 2024 is calculated as follows:

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Municipal Debt (continued):

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	89,432,350.07
Net Debt		25,266,722.50
 Remaining Borrowing Power	 \$	 64,165,627.57

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>
2025	\$ 270,000.00	\$ 185,781.26	\$ 455,781.26
2026	280,000.00	174,981.26	454,981.26
2027	295,000.00	163,781.26	458,781.26
2028	305,000.00	151,981.26	456,981.26
2029	310,000.00	142,831.26	452,831.26
2030-2034	1,700,000.00	616,718.80	2,316,718.80
2035-2039	1,970,000.00	422,037.54	2,392,037.54
2040-2044	2,210,000.00	173,525.04	2,383,525.04
	\$ 7,340,000.00	\$ 2,031,637.68	\$ 9,371,637.68

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 11. Municipal Debt (continued):

B. Bond Anticipation Notes Payable – Short Term Debt

As of December 31, 2024, the Borough had Bond Anticipation Notes outstanding as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2024</u>
Various Capital Improvements	3/14/2024	3/14/2025	4.00%	<u>\$ 17,905,000.00</u>

C. 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>
2025	\$ 9,693.53	\$ 2,432.19	\$ 12,125.72
2026	9,888.37	2,237.35	12,125.72
2027	10,087.13	2,038.59	12,125.72
2028	10,289.88	1,835.84	12,125.72
2029	10,496.70	1,629.02	12,125.72
2030-2034	55,734.40	4,894.21	60,628.61
2035-2036	17,830.78	357.80	18,188.58
	<u>\$ 124,020.79</u>	<u>\$ 15,425.00</u>	<u>\$ 139,445.79</u>

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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>2023</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2024</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 7,600,000.00	\$ -	\$ 260,000.00	\$ 7,340,000.00	\$ 270,000.00
Bond Anticipation Notes	4,980,000.00	17,905,000.00	4,980,000.00	17,905,000.00	17,905,000.00
Green Acres Loan	133,523.34	-	9,502.53	124,020.81	9,693.53
Authorized but Not Issued	13,015,079.50	-	13,015,079.50	-	-
	<u>\$ 25,728,602.84</u>	<u>\$ 17,905,000.00</u>	<u>\$ 18,264,582.03</u>	<u>\$ 25,369,020.81</u>	<u>\$ 18,184,693.53</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>	Balance, December 31,	
	<u>2024</u>	<u>2023</u>
Total Balance of Local Tax	\$ 8,377,933.97	\$ 8,520,707.97
Deferred Taxes	<u>3,200,000.00</u>	<u>3,200,000.00</u>
Local Tax Payable	<u>\$ 5,177,933.97</u>	<u>\$ 5,320,707.97</u>
	Balance, December 31,	
	<u>2024</u>	<u>2023</u>
Total Balance of Regional Tax	<u>\$ 90,210.49</u>	<u>\$ 235,199.49</u>
Regional Tax Payable	<u>\$ 90,210.49</u>	<u>\$ 235,199.49</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, 2024**

Note 14. Accrued Sick, Vacation and Compensation Time

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

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 absence amount is not reported as a liability in the accompanying financial statements

Under current policies and in accordance with N.J.S.A. 40A:9-10.2, unused sick leave is paid at an agreed upon rate upon separation of employment. Excess unused sick leave above the statutory cap is not paid out upon separation and lapses unless used. However, a liability is recognized under GASB 101 to the extent such leave is expected to be used as time off. It is estimated that accrued benefits for compensated absences, in accordance with GASB Statement No. 101, are valued at \$771,309.04 at December 31, 2024.

This estimate includes leave that is expected to be paid upon separation from service, and sick leave and compensation time to the extent that such leave is more likely than not to be used by employees as paid time off, based on historical usage patterns.

The Borough adopted GASB Statement No. 101 during the year ended December 31, 2024. As a result, the compensated absences liability disclosed above reflects the revised recognition criteria under this standard.

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

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 15. Risk Management (continued)

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, 2024 which can be obtained on the Fund's website.

New Jersey Unemployment Compensation Insurance

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

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 13,437.06	\$ 8,436.63	\$ 52,021.20
2023	863.47	7,970.57	47,020.77
2022	8,387.50	414.59	54,127.87

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, 2024, 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, 2024, 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 \$170,282,74.

BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 17. Length of Service Awards Program

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

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

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150.00 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, 2024 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2024, the Borough contributed a total of \$80,271.85 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, 2024 payouts of \$48,008.93 were made to vested participants.

Forfeited Accounts - During the year ended December 31, 2024, no accounts were forfeited.

**BOROUGH OF FAIR HAVEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Note 17. Length of Service Awards Program (continued)

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

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, 2024, 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>2023</u>	<u>2024</u> <u>Authorization</u>	Balance December 31, <u>2024</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:				
Emergency Authorizations (40A:4-48)	\$ -	\$ 8,150.00	\$ 8,150.00	\$ 8,150.00

Note 19. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2024 and July 22, 2025, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements.

On June 9, 2025, an Ordinance for Improvements to Forman Street and Various Other Roads, appropriating \$825,000 therefor and authorizing the issuance of \$510,708 Bonds and Notes to finance a portion of the costs thereof was approved by the governing body of the Borough.

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APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Borough of Fair Haven, in the County of Monmouth, New Jersey (the “Issuer”) in connection with the issuance by the Issuer of \$_____ principal amount of its General Obligation Bonds, Series 2026 (the “Bonds”). The Bonds are being issued pursuant to various bond ordinances (the “Ordinances”) duly adopted by the Borough Council of the Issuer (the “Council”) and a resolution duly adopted by the Council on February 11, 2026 (the “Resolution”). The Bonds are dated their date of delivery. The Bonds shall mature on March 1 in the years 2027 through 2048, inclusive. The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the “SEC”) under the Bonds Exchange Act of 1934, as the same may be amended from time to time (the “Exchange Act”).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Bondholder” shall mean any person who is the registered owner of any Bond, including holders of beneficial interests in the Bonds.

“Continuing Disclosure Information” shall mean: (i) the Annual Report; (ii) any notice required to be filed with the MSRB pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the MSRB pursuant to Section 3(b) hereof.

“Dissemination Agent” shall mean Phoenix Advisors, LLC, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of the such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt

obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Bonds Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

“Official Statement” shall mean the Official Statement of the Borough, dated _____ 2026, relating to the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Exchange Act, as the same may be amended from time to time.

“SEC Release” shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

“State” shall mean the State of New Jersey.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than September 30 of each year, commencing September 30, 2026 (for the fiscal year ending December 31, 2025), provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for making available or providing the Annual Report, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, send a notice to the MSRB, in an electronic format as prescribed by the MSRB, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting standards (GAAS) as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Certain financial information and operating data of the Issuer consisting of: (i) Issuer indebtedness; (ii) Issuer's most current adopted budget; (iii) property valuation information; and (iv) tax rate, levy and collection data.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability. Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or others material events affecting the tax status of the Bonds;
7. modifications to rights of Bondholders, if material;
8. Bond Calls, if material and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes;

12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Bondholders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which a disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate,

and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds,

and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: March __, 2026

BOROUGH OF FAIR HAVEN, IN THE
COUNTY OF MONMOUTH, NEW JERSEY

By: _____
Nancy Britton Chief Financial Officer

EXHIBIT A

NOTICE TO OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Borough of Fair Haven, in the County of Monmouth, New Jersey

Name of Bond Issue: \$ _____ General Obligation Bonds, Series 2026

Date of Issuance: March __, 2026
(CUSIP Number _____)

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated March __, 2026. The Issuer anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

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

By: _____
Name:
Title:

APPENDIX D
FORM OF BOND COUNSEL'S OPINION

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An opinion in substantially the following form will be delivered by Bond Counsel at Closing, assuming no material changes in facts or law.

_____, 2026

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

Re: Borough of Fair Haven, in the County of Monmouth, New Jersey
\$ _____ General Obligation Bonds, Series 2026

Dear Mayor and Council:

We have acted as Bond Counsel in connection with the issuance by the Borough of Fair Haven, in the County of Monmouth, New Jersey (the "Borough") of its \$ _____ General Obligation Bonds, Series 2026 (the "Bonds"). The Bonds are general obligations of the Borough and the full faith, credit and taxing power of the Borough is available to pay the principal of and interest on the Bonds. The Bonds are dated the date of delivery, mature on March 1 in each of the years and bear interest at the rates payable on September 1, 2026 and semiannually thereafter on March 1 and September 1 in each year until maturity as set forth in the table below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2027	\$	%
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2041		
2042		
2043		
2044		
2045		
2046		
2047		
2048		
TOTAL		

The Bonds maturing prior to March 1, 2035 are not subject to redemption prior to their stated maturity. The Bonds maturing on or after March 1, 2035 are subject to redemption, at the option of the Borough, prior to their stated maturity and upon notice as hereinafter provided, at any time on or after March 1, 2034, in whole or part from such maturities as the Borough shall determine and by lot within a single maturity, at the redemption price of 100% of the principal amount to be redeemed together with unpaid interest accrued to the redemption date.

The Bonds will be initially issued in fully registered book-entry form only in the form of one certificate in the aggregate amount of the Bonds of each maturity, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants and transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$5,000 each or any integral multiple thereof, except that any amount of Bonds maturing in any one year in excess of the largest principal amount thereof equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiple thereof, through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), a resolution adopted by the Borough Council on February 11, 2026 (the "Resolution") and various bond ordinances duly adopted by the Borough Council (collectively, the "Ordinances"). The Bonds are issued for the purpose of to refund a portion of the Borough's Bond Anticipation Notes, in the amount of \$17,740,000, issued through Monmouth County Improvement Authority Governmental Pooled Loan Project Notes, Series 2025, dated March 13, 2025, and maturing March 13, 2026, and to pay a portion of the costs of issuing the Bonds.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Bonds, including (a) copies of the Resolution and the Ordinances; (b) such matters of law, including, *inter alia*, the Act and the

Internal Revenue Code of 1986, as amended (the "Code"); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized, issued, executed and sold by the Borough; the Ordinances and the Resolution have been duly authorized and adopted by the Borough; and the Bonds, the Ordinances and the Resolution are legal, valid and binding obligations of the Borough enforceable in accordance with their respective terms.

2. Assuming the Borough observes its covenants with respect to compliance with the Code, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In addition, interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed by the Code, however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

3. Under the laws of the State of New Jersey as enacted and construed on the date of original delivery of the Bonds, interest on the Bonds and any gain from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

4. The power and obligation of the Borough to pay the Bonds is unlimited, and the Borough shall be required to levy *ad valorem* taxes upon all taxable real property within the Borough for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 2 and 3 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Bonds.

Mayor and Borough Council of the
Borough of Fair Haven, in the
County of Monmouth, New Jersey
_____, 2026

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We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Bonds.

DILWORTH PAXSON LLP