

**TOWNSHIP OF FAIRFIELD
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2019**

TOWNSHIP OF FAIRFIELD
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - REGULATORY BASIS
DECEMBER 31, 2019

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of Township Committee
Township of Fairfield
County of Cumberland, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Fairfield, as of December 31, 2019 and 2018, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Fairfield on the basis of the financial reporting provisions prescribed by 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 New Jersey.

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

Adverse Opinion on 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" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Fairfield as of December 31, 2019 and 2018 or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2019 and 2018, the regulatory basis statements of operations for the year then ended and the regulatory basis statements of revenues and expenditures for the years ended December 31, 2019 and 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Fairfield's basic financial statements. The supplementary information listed in the table of contents and the general comments and findings and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2020 on our consideration of the Township of Fairfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Township of Fairfield's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Nancy Sbrolla
Nancy Sbrolla
Certified Public Accountant
Registered Municipal Accountant
No. 542

June 26, 2020

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**EXHIBIT - A
CURRENT FUND**

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**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2019	2018
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 3,145,389.86	3,089,555.12
Cash - Change	300.00	300.00
Total Cash	3,145,689.86	3,089,855.12
Due from State:		
Seniors and Veterans	10,825.17	7,358.89
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	504,174.78	532,710.45
Tax Title and Other Liens	965,169.54	781,123.64
Property Acquired for Taxes - at Assessed Valuation	426,250.00	426,250.00
Revenue Accounts Receivable	2,555.96	1,294.73
Interfund Receivable:		
Due from Dog	1,323.55	769.00
Due from Payroll Trust	2,522.28	-
Due from Small Cities	30,467.00	19,467.00
Due from Federal & State Grant Fund	173,240.46	66,739.30
Total Receivables and Other Assets	2,105,703.57	1,828,354.12
Total Regular Fund	5,262,218.60	4,925,568.13
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	906,670.94	552,757.88
Due from Current Fund	-	-
Total Federal and State Grant Fund	906,670.94	552,757.88
Total Current Fund	\$ 6,168,889.54	5,478,326.01

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

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2019	2018
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 248,219.58	207,809.03
Reserve for Encumbrances	22,031.57	38,203.78
Prepaid Taxes	123,756.36	128,268.61
Overpaid Taxes	8,923.96	2,208.98
Local School Tax Payable	668,333.49	621,294.99
Regional School Tax Payable	284,483.18	358,730.18
County Added Tax Payable	9,826.20	3,245.90
Interfund Payable:		
Capital Fund	279,634.58	329,031.26
Trust Other	26,756.07	24,233.79
	1,671,964.99	1,713,026.52
Reserve for Receivables and Other Assets	2,105,703.57	1,828,354.12
Fund Balance	1,484,550.04	1,384,187.49
Total Regular Fund	5,262,218.60	4,925,568.13
Federal and State Grant Fund:		
Unappropriated Reserves	-	-
Appropriated Reserves	720,382.22	484,701.10
Encumbrances Payable	13,048.26	1,317.48
Due to Current Fund	173,240.46	66,739.30
	906,670.94	552,757.88
Total Federal and State Grant Fund	906,670.94	552,757.88
Total Current Fund	\$ 6,168,889.54	5,478,326.01

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

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized		
Fund Balance	\$ 485,000.00	506,500.00
Miscellaneous Revenue Anticipated	1,622,068.29	1,225,917.48
Receipts from Delinquent Taxes	498,084.02	472,953.08
Receipts from Current Taxes	7,140,988.48	7,128,293.44
Non Budget Revenue	257,143.82	293,893.32
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	123,680.00	233,046.65
Interfunds Returned	-	-
Total Income	<u>10,126,964.61</u>	<u>9,860,603.97</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	532,445.20	748,986.30
Other Expenses	1,395,204.80	1,115,483.70
Deferred Charges & Statutory Expenditures	116,301.00	166,997.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	604,529.93	420,488.87
Capital Improvements	34,000.00	34,000.00
Debt Service	352,943.83	303,960.49
Deferred Charges	17,200.00	17,200.00
Local District School Tax	1,593,255.00	1,514,183.00
Regional District School Tax	1,510,723.00	1,672,269.00
County Tax	3,255,095.65	3,229,892.25
County Share of Added Tax	9,826.20	3,245.90
Interfund Created	120,077.45	3,668.46
Total Expenditures	<u>9,541,602.06</u>	<u>9,230,374.97</u>
Excess/(Deficit) in Revenue	<u>585,362.55</u>	<u>630,229.00</u>

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

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2019	2018
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	-
Emergency Appropriation	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	585,362.55	630,229.00
Fund Balance January 1	1,384,187.49	1,260,458.49
	1,969,550.04	1,890,687.49
Decreased by:		
Utilization as Anticipated Revenue	485,000.00	506,500.00
Fund Balance December 31	\$ 1,484,550.04	1,384,187.49

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 485,000.00		485,000.00	-
Total Fund Balance Anticipated	485,000.00	-	485,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	2,250.00		2,250.00	-
Fees and Permits	100,000.00		111,685.36	11,685.36
Fines and Costs:				
Municipal Court	28,500.00		33,712.46	5,212.46
Interest and Costs on Taxes	75,000.00		105,637.08	30,637.08
Cell Tower Lease	20,000.00		23,569.96	3,569.96
Cable T.V. Franchise Fees	13,000.00		13,200.19	200.19
Ambulance Fees	50,000.00		184,078.31	134,078.31
Total Section A: Local Revenues	288,750.00	-	474,133.36	185,383.36
Section B: State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief	-		-	-
Energy Receipts Tax	441,318.00		441,318.00	-
Garden State Preservation Trust Fund	38,491.00		38,491.00	-
Total Section B: State Aid Without Offsetting Appropriations	479,809.00	-	479,809.00	-
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	55,000.00		63,596.00	8,596.00
Total Section C: Uniform Construction Code Fees	55,000.00	-	63,596.00	8,596.00

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Small Cities Grant	154,000.00		154,000.00	-
Small Cities ADA	400,000.00		400,000.00	-
Clean Communities		14,529.93	14,529.93	-
Total Section F: Special Items - Public and Private Programs	554,000.00	14,529.93	568,529.93	-
Section G: Other Special Items				
Reserve for Payment of Debt Service	25,000.00		25,000.00	-
Reserve for Small Cities	11,000.00		11,000.00	-
Total Section G: Other Special Items	36,000.00	-	36,000.00	-
Total Miscellaneous Revenues:	1,413,559.00	14,529.93	1,622,068.29	193,979.36
Receipts from Delinquent Taxes	465,000.00		498,084.02	33,084.02
Amount to be Raised by Taxes for Support of Municipal Budget	1,361,752.74		1,458,949.37	97,196.63
Local Tax for Municipal Purposes	1,361,752.74		1,458,949.37	97,196.63
Total Amount to be Raised by Taxes for Support of Municipal Budget	3,725,311.74	14,529.93	4,064,101.68	324,260.01
Budget Totals				
Non- Budget Revenues:			257,143.82	257,143.82
Other Non- Budget Revenues:			4,321,245.50	581,403.83

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	7,140,988.48
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Less: Reserve for Tax Appeals Pending	-
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Net Revenue from Collections	7,140,988.48
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Allocated to:

. School, County and Other Taxes	6,368,899.85
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Balance for Support of Municipal Budget Appropriations	772,088.63
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	686,860.74
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Amount for Support of Municipal Budget Appropriations	1,458,949.37
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	448,063.93
Tax Title Lien Collections	50,020.09

Total Receipts from Delinquent Taxes	498,084.02
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Sale of Equipment	3,579.00
FEMA	190,791.78
Property Lists	190.00
Senior & Vets - Admin Fee	1,101.03
Refunds	3,872.19
Sewer Charges	13,788.49
Vital Statistics	1,200.00
Miscellaneous	42,621.33

Total Miscellaneous Revenue Not Anticipated:	257,143.82
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The accompanying Notes to the Financial Statements are an integral part of this statement.

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
\$						
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration	91,000.00	91,000.00	84,105.18		6,894.82	-
Salaries and Wages	20,000.00	23,000.00	21,899.54	319.95	780.51	-
Other Expenses	1,000.00	1,000.00	775.00	55.00	170.00	-
Public Relations Other Expenses						
Mayor and Committee	30,000.00	30,000.00	27,205.89		2,794.11	-
Salaries and Wages	2,200.00	2,200.00	235.50	1,595.94	368.56	-
Other Expenses						
Municipal Clerk						
Salaries and Wages	72,000.00	62,000.00	59,602.92		2,397.08	-
Other Expenses	21,000.00	27,000.00	26,522.21	114.49	363.30	-
Financial Administration						
Salaries and Wages	40,000.00	40,000.00	38,052.56		1,947.44	-
Other Expenses						
Miscellaneous Other Expenses	11,000.00	11,000.00	8,587.50		2,412.50	-
Audit Services						
Other Expenses	32,500.00	38,500.00	38,500.00		-	-
Computerized Data Processing						
Other Expenses	2,500.00	2,500.00	1,522.19	326.94	650.87	-
Revenue Administration						
Salaries and Wages	55,000.00	55,000.00	53,408.16		1,591.84	-
Other Expenses	12,000.00	12,000.00	7,444.45	141.26	4,414.29	-
Assessment of Taxes						
Salaries and Wages	23,250.00	23,250.00	22,609.60		640.40	-
Other Expenses	15,000.00	10,000.00	6,812.02	384.15	2,803.83	-
Legal Services						
Other Expenses	45,000.00	77,000.00	72,711.28	2,895.00	1,393.72	-
Other Expenses - TTL & Foreclosed Property	13,000.00	1,800.00			1,800.00	-
Engineering Services and Costs						
Other Expenses	36,000.00	36,000.00	28,871.16		7,128.84	-
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	12,500.00	14,700.00	14,452.64		247.36	-
Other Expenses	13,000.00	16,000.00	13,366.05	1,033.56	1,600.39	-
Zoning						
Salaries and Wages	12,500.00	19,500.00	19,437.45		62.55	-
Other Expenses	3,000.00	3,000.00	2,648.00		352.00	-

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Budget After Modifications	Paid or		Expended		Reserved	(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Charged	Encumbered	Expended			
						Encumbered	Reserved		
PUBLIC SAFETY FUNCTION									
School Crossing Guards	13,000.00	13,000.00	11,627.51				1,372.49	-	
Salaries and Wages	250.00	250.00					250.00	-	
Other Expenses									
Office of Emergency Management									
Salaries and Wages	3,600.00	3,600.00	3,499.86				100.14	-	
Other Expenses	2,000.00	2,000.00	895.80				1,104.20	-	
Aid to Volunteer Fire Companies									
Aid to Volunteer Fire Company No. 1	61,000.00	61,000.00	61,000.00				-	-	
Aid to Volunteer Fire Company No. 2	61,000.00	61,000.00	61,000.00				-	-	
Ambulance Service									
Salaries and Wages	234,000.00	234,000.00	217,667.52				16,332.48	-	
Other Expenses	34,000.00	43,000.00	40,506.22				2,493.78	-	
Fire Department									
Salaries and Wages	5,000.00	5,000.00	85.00				4,915.00	-	
Other Expenses									
Other Expenses - Equipment									
PUBLIC WORKS									
Streets and Roads Maintenance									
Salaries and Wages	145,000.00	130,000.00	100,415.42				29,584.58	-	
Other Expenses	57,000.00	57,000.00	33,347.40			661.00	22,991.60	-	
Buildings and Grounds									
Other Expenses	43,000.00	44,000.00	39,584.80			3,448.96	966.24	-	
Convenience Center									
Salaries and Wages	11,250.00	11,250.00	8,408.09				2,841.91	-	
Other Expenses	100,000.00	100,000.00	86,886.18			2,674.31	10,439.51	-	
HEALTH AND HUMAN SERVICE									
Environmental Commission									
Other Expenses	3,000.00	3,000.00	678.88				2,321.12	-	
Animal Control									
Other Expenses	30,000.00	32,000.00	30,654.04				1,345.96	-	

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
RECREATION						
Senior Citizen Center	22,000.00	22,000.00	19,057.15		2,942.85	-
Salaries and Wages						
Other Expenses	2,500.00	2,500.00	1,259.40		1,240.60	-
Recreation Services and Programs						
Other Expenses	7,000.00	7,000.00	2,306.97		4,693.03	-
Parks and Playgrounds						
Other Expenses	2,500.00	2,500.00			2,500.00	-
MUNICIPAL COURT						
Municipal Court Administration						
Salaries and Wages						
Other Expenses	58,650.00	58,650.00	56,286.48		2,363.52	-
Public Defender						
Other Expenses						
INSURANCE						
Other						
Employee Group Insurance	61,000.00	51,000.00	47,701.50		3,298.50	-
Worker's Compensation	94,000.00	74,000.00	58,698.23		15,301.77	-
	81,700.00	81,700.00	79,238.50		2,461.50	-
SEWER UTILITY						
Other Expenses						
Maintenance	8,250.00	8,250.00	4,272.16	275.00	3,702.84	-
Treatment	12,500.00	12,500.00	9,123.41		3,376.59	-
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	46,000.00	46,000.00	45,350.00		650.00	-
Other Expenses						
Code Enforcement	16,250.00	16,250.00	15,890.58		359.42	-
Salaries and Wages	750.00	750.00	561.24		188.76	-
Other Expenses						

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UNCLASSIFIED						
Electric	35,000.00	35,000.00	19,408.41	118.63	15,472.96	-
Telephone	12,000.00	12,000.00	9,615.89	772.54	1,611.57	-
Gasoline	23,500.00	23,500.00	14,176.64	1,388.89	7,934.47	-
Natural Gas	13,000.00	13,000.00	9,626.71	1,079.75	2,293.54	-
Street Lighting	59,000.00	59,000.00	53,321.04	205.60	5,473.36	-
Heating Oil	3,500.00	3,500.00	1,142.29	-	2,357.71	-
Economic Development	2,000.00	2,000.00	-	-	2,000.00	-
Salary Adjustments	-	-	-	-	-	-
TOTAL OPERATIONS WITHIN "CAPS"	1,927,650.00	1,927,650.00	1,692,062.62	17,490.97	218,096.41	-
Contingent	-	-	-	-	-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	1,927,650.00	1,927,650.00	1,692,062.62	17,490.97	218,096.41	-
Detail:						
Salaries and Wages	781,350.00	731,350.00	462,645.64	-	69,799.56	-
Other Expenses	1,146,300.00	1,196,300.00	1,229,416.98	17,490.97	148,296.85	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Emergency Authorizations	-	-	-	-	-	-
Overexpenditure of Grant	-	-	-	-	-	-
Prior Year Bills	-	-	-	-	-	-
Expenditure Without an Appropriation	-	-	-	-	-	-
Prior Years PERS	-	-	-	-	-	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	38,801.00	38,801.00	38,801.00	-	-	-
Social Security System (O.A.S.I.)	59,500.00	59,500.00	51,905.16	-	7,594.84	-
Unemployment Compensation Insurance	18,000.00	18,000.00	10,000.00	-	8,000.00	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	116,301.00	116,301.00	100,706.16	-	15,594.84	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	2,043,951.00	2,043,951.00	1,792,768.78	17,490.97	233,691.25	-

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
Employee Group Health					
Emergency Service Volunteer Length of Service					
Award Program	25,000.00	25,000.00	14,700.00	10,300.00	-
	<u>25,000.00</u>	<u>25,000.00</u>	<u>14,700.00</u>	<u>10,300.00</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues					
Small Cities - Match	11,000.00	11,000.00	9,585.00	1,415.00	-
Small Cities	154,000.00	154,000.00	154,000.00	-	-
Small Cities ADA	400,000.00	400,000.00	400,000.00	-	-
Clean Communities		14,529.93	14,529.93	-	-
	<u>565,000.00</u>	<u>579,529.93</u>	<u>578,114.93</u>	<u>1,415.00</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues	590,000.00	604,529.93	592,814.93	11,715.00	-
Total Operations - Excluded from "CAPS"					
Detail:					
Salaries and Wages					
Other Expenses	590,000.00	604,529.93	592,814.93	11,715.00	-
	<u>590,000.00</u>	<u>604,529.93</u>	<u>592,814.93</u>	<u>11,715.00</u>	<u>-</u>
(C) Capital Improvements					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00	-	-
Fire Department Equipment - Turnout Gear	24,000.00	24,000.00	16,646.07	4,540.60	2,813.33
	<u>34,000.00</u>	<u>34,000.00</u>	<u>26,646.07</u>	<u>4,540.60</u>	<u>2,813.33</u>
Total Capital Improvements	34,000.00	34,000.00	26,646.07	4,540.60	2,813.33
(D) Debt Service					
Payment of Bond Principal	225,000.00	225,000.00	225,000.00	-	-
Payment of Bond Anticipation Notes	42,300.00	42,300.00	42,300.00	-	-
Interest on Bonds	70,500.00	70,500.00	70,325.00	-	175.00
Interest on Notes	15,500.00	15,500.00	15,318.83	-	181.17
	<u>353,300.00</u>	<u>353,300.00</u>	<u>352,943.83</u>	<u>-</u>	<u>356.17</u>
Total Debt Service	353,300.00	353,300.00	352,943.83	-	356.17

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(E) Deferred Charges						
Deferred Charges to Future Taxation	17,200.00	17,200.00	17,200.00	-	-	-
Unfunded - Ord 2012-14						
Total Deferred Charges	<u>17,200.00</u>	<u>17,200.00</u>	<u>17,200.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	994,500.00	1,009,029.93	989,604.83	4,540.60	14,528.33	356.17
SUBTOTAL GENERAL APPROPRIATIONS	<u>3,038,451.00</u>	<u>3,052,980.93</u>	<u>2,782,373.61</u>	<u>22,031.57</u>	<u>248,219.58</u>	<u>356.17</u>
(M) Reserve for Uncollected Taxes	686,860.74	686,860.74	686,860.74			-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 3,725,311.74</u>	<u>3,739,841.67</u>	<u>3,469,234.35</u>	<u>22,031.57</u>	<u>248,219.58</u>	<u>356.17</u>
Budget Appropriations by 40A:4-87		3,725,311.74			Cancelled	356.17
Emergency Appropriations		14,529.93			Overexpended	-
		<u>-</u>				<u>356.17</u>
		<u>3,739,841.67</u>				<u>356.17</u>
Reserve for Uncollected Taxes			686,860.74			
Federal and State Grants			578,114.93			
Deferred Charges			17,200.00			
Capital Improvement Fund			10,000.00			
Disbursements			2,177,058.68			
			<u>3,469,234.35</u>			

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

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**EXHIBIT - B
TRUST FUND**

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**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2019	2018
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 2,741.95	2,155.20
	2,741.95	2,155.20
<u>OTHER TRUST FUND</u>		
Cash and Investments	187,699.56	201,559.55
Interfunds and Receivables:		
Due from Current Fund	24,233.79	24,233.79
Consortia Grant - Loans Receivable	61,034.00	61,034.00
Small Cities Loans - Receivable	136,785.00	136,785.00
	409,752.35	423,612.34
	412,494.30	425,767.54
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Reserve for Dog Fund Expenditures	1,183.80	1,154.60
Due to Current Fund	1,323.55	769.00
Due to State of New Jersey	234.60	231.60
	2,741.95	2,155.20
<u>OTHER TRUST FUND</u>		
Due to Current Fund	30,467.00	19,467.00
Reserve for:		
Unemployment Compensation	25,391.65	25,606.65
Payroll	3,395.23	3,150.14
Sanitary Landfill	18,746.36	18,746.36
Developers Escrow	89,005.57	86,085.49
Uniform Fire Safety Fees	2,765.38	2,765.38
Tax Sale Premiums	19,300.00	36,700.00
Redemption of Tax Title Liens	15,993.08	15,403.24
Consortia Grant	8,860.06	8,860.06
Small Cities Grant	9,009.00	9,009.00
Firemans Fund	0.01	0.01
Tax Lien	0.01	0.01
Loans Receivable:		
Consortia	61,034.00	61,034.00
Small Cities	125,785.00	136,785.00
	409,752.35	423,612.34
	\$ 412,494.30	425,767.54

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

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EXHIBIT - C
GENERAL CAPITAL FUND

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**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Cash	\$ 10,401.28	401.28
Deferred Charges to Future Taxation -		
Funded	2,015,000.00	2,240,000.00
Unfunded	830,189.20	794,689.20
Interfunds and Receivables		
Due from Current Fund	279,634.58	329,031.26
	<u>3,135,225.06</u>	<u>3,364,121.74</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Bond Anticipation Notes Payable	689,200.00	731,500.00
Serial Bonds Payable	2,015,000.00	2,240,000.00
Encumbrances	34,835.50	-
Improvement Authorizations:		
Funded	92,123.14	16,958.64
Unfunded	200,615.16	162,535.76
Reserve for Landfill Closure	11,755.00	11,755.00
Reserve for Payment of Debt	69,404.26	94,080.34
Capital Improvement Fund	22,292.00	107,292.00
Fund Balance	-	-
	<u>\$ 3,135,225.06</u>	<u>3,364,121.74</u>

There were bonds and notes authorized but not issued at December 31 (C - 10)

2018	63,189.20
2019	140,989.20

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

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2019	2018
Beginning Balance January 1	\$ -	-
No current year activity		
Ending Balance December 31	\$ -	-

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

EXHIBIT - D
GENERAL FIXED ASSET ACCOUNT GROUP

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**GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Land Buildings and Improvements	\$ 3,038,052.09	3,038,052.09
Machinery and Equipment	2,881,969.78	2,906,865.23
	<u>5,920,021.87</u>	<u>5,944,917.32</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Investment in General Fixed Assets	<u>5,920,021.87</u>	<u>5,944,917.32</u>
	<u>\$ 5,920,021.87</u>	<u>5,944,917.32</u>

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

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**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Township of Fairfield include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township of Fairfield, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the entity is financially accountable. The entity is financially accountable for an organization if the entity appoints a voting majority of the organization's governing board and (1) the entity is able to significantly influence the programs or services performed or provided by the organization; or (2) the entity is legally entitled to or can otherwise access the organization's resources; the entity is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the entity is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. The entity has no component units.

The Township of Fairfield was incorporated in 1798. The Township is located in Cumberland County approximately forty-five miles southeast of the City of Philadelphia. The population according to the 2010 Federal Census is 6,295.

The Township operates under a five member Township Committee. The Township Committee appoints the Mayor at the annual reorganization meeting. The Mayor is the Chief Executive Officer of the Township and is assisted by the Township Committee.

B. Description of Funds

The accounting policies of the Township of Fairfield conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices 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 the respect to public funds. Under this method of accounting, the Township of Fairfield accounts for its financial transactions through the following separate funds:

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

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

General Capital Fund -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund. Other amounts that are due to the entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds -- 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 of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets -- The entity has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition.

Expenditures for long lived assets with an original cost in excess of \$500.00 are capitalized.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes -- It is the policy of the Township of Fairfield to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Capitalization of Interest -- It is the policy of the Township of Fairfield to treat interest on projects as a current expense and the interest is included in the current operating budget.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

F. Recent Accounting Pronouncements Not Yet Effective

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the City's financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This statement, which is effective for fiscal periods beginning after June 15, 2019, will not have any effect on the City's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the City's financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90 "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61". This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the City's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the City's financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020". This statement is effective for fiscal periods beginning after June 15, 2020, with the exception of the provisions affecting GASB 87 which is effective upon issuance, will not have any effect on the Borough's financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2019 and 2018 statutory budgets included a reserve for uncollected taxes in the amount of \$686,860.74 and \$686,235.93. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2019 and 2018 statutory budgets was \$485,000 and \$506,500.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by The Township Committee. The following significant budget transfers were approved in the 2019 and 2018 calendar years:

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

<u>Budget Category</u>	<u>2019</u>	<u>2018</u>
<u>Current Fund:</u>		
Municipal Clerk		
Salaries and Wages	\$ (10,000.00)	(10,000.00)
Ambulance Services		
Other Expenses	9,000.00	11,000.00
Legal Services		
Other Expenses	32,000.00	-
Other Expenses - TTL & Foreclosed Prop	(11,200.00)	
Streets and Roads Maintenance		
Salaries and Wages	(15,000.00)	(15,000.00)
Insurance		
Other	(10,000.00)	(10,000.00)
Employee Group Insurance	(20,000.00)	(15,000.00)
Public Employees' Retirement System	-	50,000.00

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2019 and 2018, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2019</u>	<u>2018</u>
Clean Communities	\$ 14,529.93	13,017.07
Alcohol Education Rehabilitation Grant	-	952.02
Total	\$ 14,529.93	13,969.09

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years.

Note 3: INVESTMENTS

As of December 31, 2019 and 2018, the municipality held no investments.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality 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 fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2019 and 2018, \$0 of the municipality's bank balance of \$3,381,031.39 and \$3,321,222.12 was exposed to custodial credit risk.

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2019 and 2018:

	Balance 12/31/2017	Additions	Retirements/ Adjustments	Balance 12/31/2018
Land Buildings & Improvements	\$ 3,036,201.49	1,850.60		3,038,052.09
Machinery & Equipment	2,891,987.59	14,877.64	-	2,906,865.23
	<u>\$ 5,928,189.08</u>	<u>16,728.24</u>	<u>-</u>	<u>5,944,917.32</u>

	Balance 12/31/2018	Additions	Retirements/ Adjustments	Balance 12/31/2019
Land Buildings & Improvements	3,038,052.09			3,038,052.09
Machinery & Equipment	2,906,865.23	32,104.55	(57,000.00)	2,881,969.78
	<u>\$5,944,917.32</u>	<u>32,104.55</u>	<u>(57,000.00)</u>	<u>5,920,021.87</u>

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/18	Issued	Retired	Balance 12/31/19
Bond Anticipation Notes	\$ 731,500.00	689,200.00	731,500.00	689,200.00

	Balance 12/31/17	Issued	Retired	Balance 12/31/18
Bond Anticipation Notes	\$ 731,500.00	731,500.00	731,500.00	731,500.00

As of December 31, 2019 the entity has authorized but not issued bonds in the amount of \$140,989.20.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Note 7: LONG TERM DEBT

Long-term debt as of December 31, 2019 and 2018 consisted of the following:

	Balance 12/31/18	Issued	Retired	Balance 12/31/19	Amounts Due Within One Year
Bonds and Loans payable:					
General	\$ 2,240,000.00	-	225,000.00	2,015,000.00	230,000.00
Total	<u>2,240,000.00</u>	<u>-</u>	<u>225,000.00</u>	<u>2,015,000.00</u>	<u>230,000.00</u>
Compensated Absences Payable	16,085.59	12,680.00	9,334.39	19,431.20	-
Total long-term liabilities	<u>\$ 2,256,085.59</u>	<u>12,680.00</u>	<u>234,334.39</u>	<u>2,034,431.20</u>	<u>230,000.00</u>

	Balance 12/31/17	Issued	Retired	Balance 12/31/18	Amounts Due Within One Year
Bonds and Loans payable:					
General	\$ 2,455,000.00		215,000.00	2,240,000.00	225,000.00
Total	<u>2,455,000.00</u>	<u>-</u>	<u>215,000.00</u>	<u>2,240,000.00</u>	<u>225,000.00</u>
Compensated Absences Payable	14,343.31	12,602.00	10,859.72	16,085.59	-
Total long-term liabilities	<u>\$ 2,469,343.31</u>	<u>12,602.00</u>	<u>225,859.72</u>	<u>2,256,085.59</u>	<u>225,000.00</u>

Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the Township:

\$2,490,000 Refunding Bonds dated August 20, 2015, payable in annual installments through 2027. Interest is paid annually varying from 3.00% to 3.50% per annum. The balance remaining as of December 31, 2019 is \$2,015,000.

**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt and Issued and Outstanding
General Capital Fund**

Year	Principal	Interest
2020	230,000.00	63,500.00
2021	240,000.00	56,450.00
2022	245,000.00	49,175.00
2023	255,000.00	41,037.50
2024	255,000.00	32,112.50
2025-2027	790,000.00	41,825.00
	<u>\$ 2,015,000.00</u>	<u>\$ 284,100.00</u>

As of December 31, 2019 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

the current budget was \$85,643.83.

<u>Summary of Municipal Debt</u>	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
<u>Issued</u>			
General - Bonds and Notes	\$ 2,015,000.00	2,240,000.00	2,455,000.00
General - Bond Anticipation Notes	689,200.00	731,500.00	731,500.00
Total Issued	<u>2,704,200.00</u>	<u>2,971,500.00</u>	<u>3,186,500.00</u>
Authorized but not issued			
General - Bonds and Notes	140,989.20	63,189.20	80,389.20
Total Authorized But Not Issued	<u>140,989.20</u>	<u>63,189.20</u>	<u>80,389.20</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.026%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local & Regional School District Debt	\$ 3,896,938.85	3,896,938.85	-
General Debt	2,845,189.20	-	2,845,189.20
	<u>\$ 6,742,128.05</u>	<u>3,896,938.85</u>	<u>2,845,189.20</u>

Net Debt \$2,845,189.20 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$277,241,665.00 = 1.026%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 9,703,458.28
Net Debt	2,845,189.20
Remaining Borrowing Power	<u>\$ 6,858,269.08</u>

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2019 and 2018, which were appropriated and included as anticipated revenue in the respective fund for the year ending December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Current Fund	\$ 400,000.00	485,000.00

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Note 9: SCHOOL TAXES

Local District School Tax in the amounts of \$1,593,255.00 and \$1,514,183.00 have been raised for the 2019 and 2018 calendar years and remitted or are due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	12/31/2019	12/31/2018
Balance of Tax	\$ 941,323.49	894,284.99
Deferred	272,990.00	272,990.00
Tax Payable	\$ 668,333.49	621,294.99

Regional District School Tax in the amounts of \$1,510,723.00 and \$1,672,269.00 have been raised for the 2019 and 2018 calendar years and remitted or are due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

Regional District School Taxes have been raised resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	12/31/2019	12/31/2018
Balance of Tax	\$ 772,611.18	846,858.18
Deferred	488,128.00	488,128.00
Tax Payable	\$ 284,483.18	358,730.18

Note 10: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance 12/31/19	Balance 12/31/18
Prepaid Taxes	\$ 123,756.36	128,268.61
Cash Liability for Taxes Collected in Advance	\$ 123,756.36	128,268.61

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Note 11: PENSION FUNDS

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) a cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the system. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. 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.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

PERS provided for employee contributions of 7.50% employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The entity's contributions to PERS for the years ended December 31, 2019, 2018, and 2017 were \$38,801, \$40,997 and \$24,410.

The total payroll for the year ended December 31, 2019, 2018 and 2017 was \$696,431.71, \$734,900.35, and \$683,878.09. Payroll covered by PERS was \$383,821.00, \$377,407.00, and \$280,994.00.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) operates and to the benefit provisions of the system.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a $\frac{1}{7}$ th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008.

The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Note 12: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2019:

Public Employees' Retirement System

The Municipality has a liability of \$1,067,340 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 that was rolled forward to June 30, 2019. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Municipality's proportion would be .00592358160%, which would be an increase of 51.85% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Municipality would have recognized pension expense of \$148,326. At December 31, 2019, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 19,157	\$ (4,715)
Changes of assumptions	106,578	(370,470)
Changes in proportion	600,444	(214,388)
Net difference between projected and actual earnings on pension plan investments		(16,848)
Total	\$ 726,179	\$ (606,421)

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2020	\$	13,860
2021		44,962
2022		40,148
2023		18,852
2024		1,936
Total	\$	119,758

**TOWNSHIP OF FAIRFIELD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00% – 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (based on years of service)
Investment rate of return:	7.00%

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 200 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 disable 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 generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% 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 projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 6.28%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.28%) or 1-percentage point higher (7.28%) than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Municipality's proportionate share of the net pension liability	\$ 1,280,985	\$ 1,067,340	\$ 887,523

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Note 13: ACCRUED SICK AND VACATION BENEFITS

The Township has permitted employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$19,431.20 in 2019 and \$16,085.59 in 2018. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey.

Note 14: ECONOMIC DEPENDENCY

The Township of Fairfield is not economically dependent on any one business or industry as a major source of tax revenue for the entity.

Note 15: RISK MANAGEMENT

The entity 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.

Property and Liability Insurance - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2019 and 2018 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

New Jersey Unemployment Compensation Insurance – The entity has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the entity is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The entity is billed quarterly for amounts due to the State. The following is a summary of entity contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the entity's trust fund for the previous three years:

Calendar Year	Employer Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2019	\$ 10,000.00	-	-	10,215.00	25,391.65
2018	18,000.00	-	-	16,527.44	25,606.65
2017	18,000.00	1,738.87	-	16,721.08	24,134.09

**TOWNSHIP OF FAIRFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Note 16: CONTINGENT LIABILITIES

From time to time, the entity is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the entity's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

Note 17: INTERFUND BALANCES

During the most current calendar year ended December 31, 2019, the following interfunds were included on the balance sheets of the various funds of the Township of Fairfield:

	Due From	Due To
Current Fund:		
Federal and State Grant Fund	\$ 173,240.46	
Dog Fund	1,323.55	
Trust Fund - Small Cities	30,467.00	
Trust Fund	2,522.28	26,756.07
General Capital Fund		279,634.58
Grant Fund:		
Current Fund		173,240.46
Trust Fund:		
Current - Dog		1,323.55
Current - Small Cities		30,467.00
Current - Trust Other	24,233.79	
General Capital Fund:		
Current Fund	279,634.58	
	511,421.66	511,421.66

The amounts due to the Current Fund from the Grant fund is due to the fact that the Current Fund advances cash to the Grant Fund in anticipation of Grant Receivable balances being collected from the granting agency. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

Note 18: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through June 26, 2020, the date which the financial statements were available to be issued and has not identified any events requiring disclosure.

SUPPLEMENTARY INFORMATION

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FORD - SCOTT

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INDEPENDENT AUDITOR'S REPORT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS – REGULATORY BASIS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the Township Committee
Township of Fairfield
County of Cumberland, New Jersey

We have audited, in accordance with the 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, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the Township of Fairfield, State of New Jersey, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 26, 2020, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Fairfield prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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*.

Township's Responses to Findings

The Township's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Nancy Sbrolla
Nancy Sbrolla
Certified Public Accountant
Registered Municipal Accountant
No. 542

June 26, 2020

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2018	\$ 3,089,555.12	-
Increased by Receipts:		
Tax Collector	7,693,443.62	
Revenue Accounts Receivable	1,169,045.10	
Due from State of NJ - Seniors & Vets	52,876.72	
Due from Capital	689,523.92	
Due from Federal and State Grant Fund	214,616.87	
Due to Current Fund		330,703.03
Federal and State Unappropriated		-
Federal and State Receivables	214,616.87	
Federal and State Cash Match	9,585.00	
	9,819,506.23	554,904.90
	12,909,061.35	554,904.90
Decreased by Disbursements:		
Current Year Appropriation	2,177,058.68	
Prior Year Appropriations	122,332.81	
County Taxes	3,258,341.55	
Local District School Taxes	1,546,216.50	
Regional School Taxes	1,584,970.00	
Refund Overpayments	2,928.32	
Due from Federal & State Grant Fund	330,703.03	
Due to Capital Fund	741,120.60	
Due to Current Fund		224,201.87
Federal and State Disbursements		330,703.03
	9,763,671.49	554,904.90
Balance December 31, 2019	\$ 3,145,389.86	-

**CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2018		\$	-
Increased by Receipts:			
Prepaid Taxes	123,756.36		
Taxes Receivable	7,414,030.09		
Revenue Accounts Receivable	105,637.08		
Tax Title and Other Liens	50,020.09		
			7,693,443.62
			7,693,443.62
Payments to Treasurer			7,693,443.62
		\$	-

**CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2018	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2019
				2018	2019			
Arrears	\$ 18,294.95					(15,747.63)		30,988.95
2013	5,668.55			3,053.63	3,017.09	2,651.46		-
2014	4,106.86			3,403.41	3,403.41			703.45
2015	9,210.81		-	3,526.82	3,526.82			5,683.99
2016	12,112.53		-	3,821.58	3,821.58			8,290.95
2017	19,584.12			7,179.59	7,179.59		2,621.68	9,782.85
2018	463,732.63			424,061.81	424,061.81	(1,409.88)	26,995.39	14,085.31
	532,710.45	-	-	448,063.93	448,063.93	(14,506.05)	29,617.07	69,535.50
2019		7,725,672.59	21,604.12	128,268.61	7,012,719.87	4,920.20	166,728.75	434,639.28
	\$ 532,710.45	7,725,672.59	21,604.12	128,268.61	7,460,783.80	(9,585.85)	196,345.82	504,174.78

Cash Receipts
Senior Citizens and Veterans
Overpayments Applied
7,460,783.80

Analysis of Current Year Tax Levy

Tax Yield:	
General Property Tax	7,725,672.59
Added Taxes (54:4-63.1 et. Seq.)	21,604.12
	<u>7,747,276.71</u>

Tax Levy:	
General County Taxes	3,083,870.88
County Open Space Taxes	27,198.75
County Health Taxes	144,026.02
County Added and Omitted Taxes	9,826.20
Total County Taxes	<u>3,264,921.85</u>
Local School District Tax	1,593,255.00
Regional School District Tax	1,510,723.00
Local Tax for Municipal Purposes	1,361,752.74
Add: Additional Tax Levied	16,624.12
	<u>1,378,376.86</u>
	<u>7,747,276.71</u>

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2018		\$	781,123.64
Increased by:			
Transfers from Taxes Receivable	196,345.82		
Interest and Costs Accrued at Tax Sale	5,932.90		
Other	31,787.27		
			<u>234,065.99</u>
			1,015,189.63
Decreased by:			
Canceled Collections	50,020.09		
			<u>50,020.09</u>
Balance December 31, 2019		\$	<u><u>965,169.54</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2018	Accrued in 2019	Collected by		Balance Dec. 31, 2019
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	-	2,250.00		2,250.00	-
Fees and Permits	-	111,685.36		111,685.36	-
Fines and Costs:					
Municipal Court	1,294.73	34,973.69		33,712.46	2,555.96
Interest and Costs on Taxes	-	105,637.08	105,637.08		-
Cell Tower Lease	-	23,569.96		23,569.96	-
Cable T.V. Franchise Fees	-	13,200.19		13,200.19	-
Ambulance Fees	-	184,078.31		184,078.31	-
Consolidated Municipal Property Tax Relief Aid	-	-			-
Energy Receipts Tax	-	441,318.00		441,318.00	-
Garden State Trust	-	38,491.00		38,491.00	-
Uniform Construction Code Fees	-	63,596.00		63,596.00	-
Reserve for Small Cities	-	11,000.00		11,000.00	-
Reserve to Pay Debt Service	-	25,000.00		25,000.00	-
Miscellaneous Revenue Not Anticipated		257,143.82		257,143.82	
	<u>1,294.73</u>	<u>1,311,943.41</u>	<u>105,637.08</u>	<u>1,205,045.10</u>	<u>2,555.96</u>
			Cash	1,169,045.10	
			Due from Small Cities	11,000.00	
			Due from Capital	25,000.00	
				<u>1,205,045.10</u>	

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
General Administration	\$ 1,857.74	1,857.74	1,472.39	385.35	-
Other Expenses	633.75	633.75	300.00	333.75	-
Public Relations Other Expenses					
Mayor and Committee	1,217.80	1,217.80	873.00	344.80	-
Other Expenses					
Municipal Clerk					
Other Expenses	5,485.97	5,485.97	3,270.23	2,215.74	-
Financial Administration					
Other Expenses	926.48	926.48	464.10	462.38	-
Miscellaneous Other Expenses					
Revenue Administration	2,688.82	2,688.82	284.80	2,404.02	-
Other Expenses					
Tax Assessment Administration	1,731.33	5,731.33	8.72	5,722.61	-
Other Expenses					
Legal Services					
Other Expenses	16,305.37	16,305.37	11,125.00	5,180.37	-
TTI & Foreclosed Property	7,546.75	7,546.75	675.00	6,871.75	-
Engineering Services and Costs					
Other Expenses	2,359.25	2,359.25	1,775.86	583.39	-
LAND USE ADMINISTRATION					
Planning Board					
Other Expenses	4,206.87	4,206.87	527.83	3,679.04	-
Zoning					
Other Expenses	2,662.14	2,662.14	620.00	2,042.14	-
Code Enforcement					
Other Expenses	403.62	403.62	9.93	393.69	-

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
PUBLIC SAFETY FUNCTION					
Ambulance Services	2,190.77	2,190.77	1,563.14	627.63	-
Other Expenses					
Fire Department	1,839.51	1,839.51	1,463.23	376.28	-
Other Expenses					
PUBLIC WORKS FUNCTION					
Streets and Roads Maintenance	20,123.64	20,123.64	5,435.27	14,688.37	-
Other Expenses					
Building and Grounds	2,195.04	2,195.04	1,767.77	427.27	-
Other Expenses					
Convenience Center	19,344.03	19,344.03	13,167.28	6,176.75	-
Other Expenses					
HEALTH AND HUMAN SERVICE FUNCTIONS					
Animal Control Services	1,309.50	1,309.50	800.00	509.50	-
Other Expenses					
RECREATION					
Recreation Services and Programs	3,756.93	3,756.93	496.79	3,260.14	-
Other Expenses					
Parks and Playgrounds	1,400.00	1,400.00	585.50	814.50	-
Other Expenses					
SEWER UTILITY					
Other Expenses	2,743.00	2,743.00	275.00	2,468.00	-
Maintenance					

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
UNCLASSIFIED					
Electric	11,195.09	11,195.09	3,237.71	7,957.38	-
Telephone	1,851.79	1,851.79	1,093.22	758.57	-
Gasoline	5,688.82	5,688.82	2,898.51	2,790.31	-
Natural Gas	2,575.67	2,575.67	1,890.43	685.24	-
Street Lighting	9,436.00	9,436.00	8,839.64	596.36	-
Heating Oil	877.63	877.63		877.63	-
STATUTORY EXPENDITURES					
Contributions to Public Employee Retirement System	50,000.00	50,000.00	49,912.46	87.54	-
OPERATIONS EXCLUDED FROM "CAPS"					
CAPITAL IMPROVEMENTS					
Fire Department Equipment - Turnout Gear	7,648.88	7,648.88	7,500.00	148.88	-
All Other Accounts - No Change	53,810.62	49,810.62	-	49,810.62	-
	<u>\$ 246,012.81</u>	<u>246,012.81</u>	<u>122,332.81</u>	<u>123,680.00</u>	<u>-</u>

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2018			
School Tax Payable	\$	621,294.99	
School Tax Deferred		<u>272,990.00</u>	
	\$		<u>894,284.99</u>
Increased by:			
Levy - School Year July 1, 2018 to June 30, 2019			<u>1,593,255.00</u>
			<u>2,487,539.99</u>
Decreased by:			
Payments			<u>1,546,216.50</u>
Balance December 31, 2019			
School Tax Payable		668,333.49	
School Tax Deferred		<u>272,990.00</u>	
			<u><u>941,323.49</u></u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,546,216.50
Tax Payable Ending			<u>668,333.49</u>
			<u>2,214,549.99</u>
Less: Tax Payable Beginning			<u>621,294.99</u>
Amount charged to Current Year Operations	\$		<u><u>1,593,255.00</u></u>

**CURRENT FUND
SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX**

Balance December 31, 2018			
School Tax Payable	\$	358,730.18	
School Tax Deferred		<u>488,128.00</u>	
			\$ 846,858.18
Increased by:			
Levy - School Year July 1, 2018 to June 30, 2019			<u>1,510,723.00</u>
			2,357,581.18
Decreased by:			
Payments			<u>1,584,970.00</u>
Balance December 31, 2019			
School Tax Payable		284,483.18	
School Tax Deferred		<u>488,128.00</u>	
			<u><u>772,611.18</u></u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,584,970.00
Tax Payable Ending			<u>284,483.18</u>
			1,869,453.18
Less: Tax Payable Beginning			<u>358,730.18</u>
Amount charged to Current Year Operations			<u><u>\$ 1,510,723.00</u></u>

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2018		2019 Appropriations	Disbursed	Overexpenditure	Balance Dec. 31, 2019
	Appropriated	Reserve for Encumbrances				
FEDERAL GRANTS:						
FEIMA	\$ 7,028.83		-			7,028.83
Small Cities	87,614.48			67,399.34		20,215.14
Small Cities - 2019			154,000.00	27,954.00		126,046.00
Small Cities - ADA			400,000.00			400,000.00
Small Cities - Match	23,945.00		9,585.00	23,945.00		9,585.00
Total Federal	<u>118,588.31</u>	<u>-</u>	<u>563,585.00</u>	<u>119,298.34</u>	<u>-</u>	<u>562,874.97</u>
STATE GRANTS:						
Recycling Tonnage	5,311.06					5,311.06
NJ Environmental Commission	3,792.44					3,792.44
Clean Communities	32,582.53	1,317.48	14,529.93	30,602.68		17,827.26
Municipal Stormwater	3,093.00					3,093.00
Alcohol Education Rehabilitation Program	14,945.02					14,945.02
NJ Department of Transportation - Flat Top Road	57,204.61					57,204.61
NJ Department of Transportation - Flat Top Road Match	6,695.00					6,695.00
NJ Department of Transportation - Herring Road	18,782.35					18,782.35
NJ Department of Transportation - Coombs Road	217,983.23			193,850.27		24,132.96
NJ Department of Transportation - Church Street	2,391.10					2,391.10
NJ Department of Transportation - Holly Way	3,332.45					3,332.45
Hazardous Mitigation Grant	-					-
Total State	<u>366,112.79</u>	<u>1,317.48</u>	<u>14,529.93</u>	<u>224,452.95</u>	<u>-</u>	<u>157,507.25</u>
	<u>484,701.10</u>	<u>1,317.48</u>	<u>578,114.93</u>	<u>343,751.29</u>	<u>-</u>	<u>720,382.22</u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

Purpose	Balance	Transferred To 2019 Appropriations	Received	Balance
	Dec. 31, 2018			Dec. 31, 2019
FEDERAL GRANTS:				
None	\$ -	-		-
Total Federal	-	-		-
STATE GRANTS:				
Recycling Tonnage Grant	-			-
Small Cities	-			-
Total State	-	-		-
	\$ -	-		-

**TRUST FUND
SCHEDULE OF DOG TRUST CASH - TREASURER**

Balance December 31, 2018	\$	2,155.20
Increased by:		
Cash Receipts for:		
Dog Licenses Collected	1,196.00	
Due to State of NJ	378.00	
Interfund Returned		
		1,574.00
		3,729.20
Decreased by:		
Cash Disbursed for:		
Dog Fund Expenditures	612.25	
Due to State of New Jersey	375.00	
Due to Current Fund		
		987.25
Balance December 31, 2019	\$	2,741.95

**TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER**

Balance December 31, 2018	\$	201,559.55
Increased by:		
Cash Receipts for:		
Current Fund Interfund	-	
Other Reserves:		
Interest on Investments	-	
Other Receipts	1,083,315.13	
	1,083,315.13	1,083,315.13
		1,284,874.68
Decreased by:		
Cash Disbursed for:		
Current Fund Interfund		
Other Reserves	1,097,175.12	
	1,097,175.12	1,097,175.12
Balance December 31, 2019	\$	187,699.56

**TRUST FUND
ANIMAL CONTROL FUND - RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2018		\$	1,154.60
Increased by:			
Dog License - Cash Receipts	1,196.00		
Interest on Investments			
			1,196.00
			2,350.60
Decreased by:			
Excess	554.55		
Cash Disbursed	612.25		
			1,166.80
Balance December 31, 2019		\$	1,183.80

Fees Collected		2018	616.00	
		2017	567.80	
			1,183.80	

**TRUST FUND
ANIMAL CONTROL FUND - DUE TO STATE OF NEW JERSEY**

Balance December 31, 2018	\$	231.60
Increased by:		
Cash Receipts	378.00	
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
		378.00
Decreased by:		
Cash Disbursed	375.00	609.60
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
		375.00
Balance December 31, 2019	\$	<u><u>234.60</u></u>

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2018	Receipts	Disbursements	Balance Dec. 31, 2019
Unemployment Compensation	\$ 25,606.65	10,000.00	10,215.00	25,391.65
Payroll	3,150.14	821,873.94	821,628.85	3,395.23
Sanitary Landfill Escrow	18,746.36	-	-	18,746.36
Developers Escrow	86,085.49	48,547.56	45,627.48	89,005.57
Uniform Fire Safety	2,765.38	-	-	2,765.38
Tax Title Lien Redemptions	15,403.24	198,793.63	198,203.79	15,993.08
Tax Sale Premiums	36,700.00	4,100.00	21,500.00	19,300.00
Consortia Grant	8,860.06	-	-	8,860.06
Small Cities	9,009.00	-	-	9,009.00
Firemans Fund	0.01	-	-	0.01
Tax Lien	0.01	-	-	0.01
	<u>\$ 206,326.34</u>	<u>1,083,315.13</u>	<u>1,097,175.12</u>	<u>192,466.35</u>

**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2018		\$	401.28
Increase:			
Capital Improvement Fund	<u>10,000.00</u>		
Decrease:			
None	<u> </u>		
Balance December 31, 2019		\$	<u>10,401.28</u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2018	Receipts		Disbursements		Transfers		Balance Dec. 31, 2019
		Miscellaneous	Improvement Authorizations	From	To			
Fund Balance	\$ -							
Capital Improvement Fund	107,292.00			95,000.00	10,000.00			22,292.00
Due from Current Fund	(329,031.26)	10,000.00		716,723.92	756,120.60			(279,634.58)
Reserve for Debt Service	94,080.34			25,000.00	323.92			69,404.26
Reserve for Landfill Closure	11,755.00							11,755.00
Encumbrances	-							-
Bond Anticipation Notes	731,500.00			731,500.00	689,200.00			689,200.00
Improvement Authorizations:								
3-2007 Beach Improvements at Seabreeze	-							-
3-2007 Site Clean Up	(0.20)							(0.20)
2010 Elmer Road	106.91							106.91
5-2011 Various Capital Improvements	-							-
11-2012 Various Improvements	1,243.60							1,243.60
14-2012 Various Improvements:								
Municipal Building Road	(1,266.77)							2,434.47
Refurbishing of Ambulance	(30,821.06)							(22,431.59)
Municipal Building Generator	20,631.21							25,740.50
1-2015 Purchase of Fire Truck	(457,014.53)			1,800.00	25,000.00			(433,814.53)
4-2016 Reurbish Ambulance	(98,914.10)			600.00	12,000.00			(87,514.10)
5-2016 Cap Landfill	(54,355.36)			245.60	5,300.00			(49,300.96)
10-2017 Various Improvements	5,195.50							5,195.50
6-2019 Various Improvements	-			39,275.00	95,000.00			55,725.00
	\$ 401.28	10,000.00	-	1,610,144.52	1,610,144.52			10,401.28

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2018		\$	107,292.00
Increased by:			
Budget Appropriation	10,000.00		
			<u>10,000.00</u>
			117,292.00
Decreased by:			
2-2019 - Dump Truck	35,000.00		
6-2019 - Various Improvements	5,000.00		
9-2019 - Trucks and Equipment	55,000.00		
			<u>95,000.00</u>
Balance December 31, 2019		\$	<u><u>22,292.00</u></u>

**GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2018		\$ 2,240,000.00
Increased by:		
None		-
		2,240,000.00
Decreased by:		
Serial Bonds Paid	225,000.00	
		225,000.00
Balance December 31, 2019		\$ <u><u>2,015,000.00</u></u>

**GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord #	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Raised in 2019 Budget	Balance Dec. 31, 2019	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
3-2007	Beach Improvements at Seabreeze	\$ 0.20		-	0.20	-	0.20	-
14-2012	Various Capital Improvements:							
	Municipal Building Roof	13,597.52		3,701.24	9,896.28	-	8,669.25	12,330.75
	Refurbishing of Ambulance	30,821.06		8,389.47	22,431.59	-	47,600.00	-
	Municipal Building Generator	18,770.42		5,109.29	13,661.13	-		28,989.00
1-2015	Purchase of Fire Truck	475,000.00		25,000.00	450,000.00	450,000.00		-
4-2016	Ambulance	104,500.00		12,000.00	92,500.00	92,500.00		-
5-2016	Cap Landfill	152,000.00		5,300.00	146,700.00	146,700.00		-
6-2019	Various Improvements		95,000.00		95,000.00		54,275.00	40,725.00
		<u>\$ 794,689.20</u>	<u>95,000.00</u>	<u>59,500.00</u>	<u>830,189.20</u>	<u>689,200.00</u>	<u>110,544.45</u>	<u>82,044.75</u>

Improvement Authorizations Unfunded	200,615.16
Less:	
Unexpended Proceeds of Bond	
Anticipation Notes Issued:	
<u>Ord. Number</u>	
1-2015	16,185.47
4-2016	4,985.90
5-2016	97,399.04
	<u>118,570.41</u>
	<u>\$ 82,044.75</u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2018		Authorizations		Balance December 31, 2019	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Funded	Unfunded
2010	Elmer Road	2007	15,000.00	\$ 106.91	-	106.91	-	106.91	-
5-2011	Various Capital Improvements	2011	96,500.00	-	-	-	-	-	-
11-2012	Various Improvements	7/10/2012	57,346.00	1,243.60	-	1,243.60	-	1,243.60	-
14-2012	Various Improvements:								
	Municipal Building Roof	11/13/2012	42,389.00	12,330.75	12,330.75	-	-	12,330.75	-
	Refurbishing of Ambulance	11/13/2012	97,800.00	-	-	-	-	-	-
	Municipal Building Generator	11/13/2012	50,000.00	10,412.63	28,989.00	10,412.63	-	10,412.63	28,989.00
1-2015	Purchase of Fire Truck	2/13/2015	500,000.00	17,985.47	17,985.47	1,800.00	-	1,800.00	16,185.47
4-2016	Reurbish Ambulance	2/17/2016	110,000.00	5,585.90	5,585.90	600.00	-	600.00	4,985.90
5-2016	Cap Landfill	2/17/2016	160,000.00	97,644.64	97,644.64	245.60	-	245.60	97,399.04
10-2017	Various Improvements	12/13/2017	26,600.00	5,195.50	-	500.50	-	500.50	-
2-2019	Dump Truck	3/6/2019	35,000.00	-	-	35,000.00	-	35,000.00	-
6-2019	Various Improvements	7/10/2019	100,000.00	-	-	5,000.00	95,000.00	59,275.00	40,725.00
9-2019	Trucks and Equipment	11/13/2019	55,000.00	-	-	55,000.00	-	10,140.50	-
				\$ 16,958.64	162,535.76	95,000.00	95,000.00	92,123.14	200,615.16

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2019			Interest Rate	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
			Date	Amount						
2015 Refunding Bonds	8/19/2015	2,490,000	2/15/2020	230,000.00	3.000%	\$ 2,240,000.00		225,000.00	2,015,000.00	
			2/15/2021	240,000.00	3.000%					
			2/15/2022	245,000.00	3.000%					
			2/15/2023	255,000.00	3.500%					
			2/15/2024	255,000.00	3.500%					
			2/15/2025	260,000.00	3.500%					
			2/15/2026	260,000.00	3.500%					
			2/15/2027	270,000.00	3.500%					
						\$ 2,240,000.00	-	225,000.00	2,015,000.00	

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
Fire Truck	2015-01	3/31/2016	3/28/2018 3/26/2019	3/27/2019 3/25/2020	2.10% 2.50%	475,000.00	450,000.00	475,000.00	450,000.00
Reurbish Ambulance	2016-04	3/31/2016	3/28/2018 3/26/2019	3/27/2019 3/25/2020	2.10% 2.50%	104,500.00	92,500.00	104,500.00	92,500.00
Cap Landfill	2016-05	3/31/2016	3/28/2018 3/26/2019	3/27/2019 3/25/2020	2.10% 2.50%	152,000.00	146,700.00	152,000.00	146,700.00
					\$	<u>731,500.00</u>	<u>689,200.00</u>	<u>731,500.00</u>	<u>689,200.00</u>

**GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Other	Balance Dec. 31, 2019
3-2007	Beach Improvements at Seabreeze	\$ 0.20			0.20
14-2012	Various Capital Improvements: Municipal Building Roof	13,597.52		3,701.24	9,896.28
	Refurbishing of Ambulance	30,821.06		8,389.47	22,431.59
	Municipal Building Generator	18,770.42		5,109.29	13,661.13
6-2019	Various Capital Improvements		95,000.00		95,000.00
		<u>\$ 63,189.20</u>	<u>95,000.00</u>	<u>17,200.00</u>	<u>140,989.20</u>

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TOWNSHIP OF FAIRFIELD

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2019

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TOWNSHIP OF FAIRFIELD

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." The bid threshold is \$26,000.

The governing body of the Township of Fairfield has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in a violation of the statute, the Township Committee's opinion should be sought before a commitment is made.

The minutes indicate that the following bids were sought by public advertising during 2019:
Road reconstruction

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

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

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

Collection of Interest on Delinquent Taxes and Assessments

The statutes provide the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

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

BE IT RESOLVED by the Township Committee of the Township of Fairfield, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Township of Fairfield, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

BE IT FURTHER RESOLVED by the Township Committee of the Township of Fairfield, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 percent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2019.

This Resolution shall take effect January 1, 2019.

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

TOWNSHIP OF FAIRFIELD

Delinquent Taxes and Tax Title Liens

The tax sale was held and determined to be complete.

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

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

<u>Year</u>	<u>Number</u>
2019	158
2018	143
2017	140

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent taxes and charges, as well as current payments, was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2019 and 2020 Taxes	5
Delinquent Taxes	10
Total	<u>15</u>

Deposit of Municipal Funds

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

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

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

TOWNSHIP OF FAIRFIELD

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2019	\$ 7,747,277.00	7,140,988.48	92.17%
2018	7,770,598.00	7,128,293.00	91.73%
2017	7,898,379.00	7,243,155.00	91.70%
2016	7,450,779.00	6,887,993.00	92.45%

Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	\$ 2.499	2.490	2.504	2.372
Apportionment of Tax Rate:				
Municipal	0.441	0.430	0.429	0.430
County	1.054	1.037	1.083	1.027
Regional School	0.489	0.537	0.532	0.500
Local School	0.515	0.486	0.460	0.415

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total delinquent taxes and tax title liens, in relation to the tax levies of the last four years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2019	\$ 965,169.54	504,174.78	1,469,344.32	18.97%
2018	781,124.00	532,710.00	1,313,834.00	16.91%
2017	719,240.99	437,034.05	1,156,275.04	14.64%
2016	697,215.64	473,841.85	1,171,057.49	15.72%

FINDINGS AND RECOMMENDATIONS

NONE

STATUS OF PRIOR YEAR FINDINGS

NONE

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Nancy Sbrolla
Nancy Sbrolla
Certified Public Accountant
Registered Municipal Accountant
No. 542

June 26, 2020