

**BOROUGH OF CARTERET
COUNTY OF MIDDLESEX, NEW JERSEY**

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2018**

BOROUGH OF CARTERET
COUNTY OF MIDDLESEX, NEW JERSEY
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COUNTY OF MIDDLESEX, NEW JERSEY

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**BOROUGH OF CARTERET
COUNTY OF MIDDLESEX**

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Carteret,
Carteret, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough, as of December 31, 2018, or the results of its operations and changes in fund balance for the year then ended.

Basis for Disclaimer of Opinion on LOSAP Trust Fund

The Borough’s supporting documents related to the LOSAP Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund as part of our audit of the Borough’s basic financial statements as of December 31, 2018.

Disclaimer of Opinion on LOSAP Trust Fund

Due to the fact that we were unable to audit the LOSAP Trust Fund for the year ending December 31, 2018, we do not express an opinion of the LOSAP Trust Fund financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough, as of December 31, 2018, and the results of its operations and changes in fund balance - regulatory basis of such funds for the year then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2018 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2018 the Borough adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, &74. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental schedules presented for the various funds and letter of comments and recommendations section are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the basic financial statements. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Prior Period Financial Statements

The financial statements as of December 31, 2017, were audited by other auditors whose report dated June 21, 2018, expressed an unmodified opinion on the regulatory basis of accounting.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 16, 2019 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
August 16, 2019

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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members
of the Borough Council
Borough of Carteret
County of Middlesex
Carteret, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Borough of Carteret, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated August 16, 2019. Our report indicated that the Borough’s financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 473

Freehold, New Jersey
August 16, 2019

BASIC FINANCIAL STATEMENTS

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BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

ASSETS	REF.	BALANCE DECEMBER 31, 2018	BALANCE DECEMBER 31, 2017	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DECEMBER 31, 2018	BALANCE DECEMBER 31, 2017
Current Fund:							
Cash and Investments	A-4	\$ 11,849,824.07	\$ 9,418,358.96	Liabilities:			
Cash - Change Funds	A-5	350.00	350.00	Appropriation Reserves	A-3, A-14	\$ 575,514.50	\$ 588,061.85
Due from State of NJ- Sr Citizen & Veterans' Ded	A-6	-	2,275.33	Reserve For Encumbrances	A-3, A-14	2,029,642.62	1,843,860.31
				Prepaid Taxes	A-16	252,938.93	647,211.03
				Sewer Overpayments	A-17	99,260.55	16,679.17
				Tax Overpayment	A-18	126,855.62	110,254.45
		11,850,174.07	9,420,984.29	Due from State of NJ- Sr Citizen & Veterans' Ded	A-6	1,585.65	-
				Various Accounts Payable	A-19	330,634.90	308,008.65
				Various Reserves	A-19	19,528.22	21,107.53
Receivables and Other Assets							
With Full Reserves:							
Delinquent Property Taxes Receivable	A-7	613,287.91	528,452.69			3,435,960.99	3,535,182.99
Tax Title Liens Receivable	A-9	61,333.10	61,092.75				
Sewer Rents Receivable	A-11	253,540.62	318,736.24	Reserve for Receivables and Other Assets	Reserve	1,919,388.12	1,951,165.91
Sewer Liens Receivable	A-12	6,300.91	6,300.91	Fund Balance	A-1	8,414,213.08	5,885,801.30
Property Acquired for Taxes - Assessed Value	A-8	896,900.00	896,900.00				
Demolition Liens Receivable	A-13	9,609.50	9,000.00				
Revenue Accounts Receivable	A-10	78,416.08	130,683.32				
		1,919,388.12	1,951,165.91				
Total Current Fund		<u>13,769,562.19</u>	<u>11,372,150.20</u>	Total Current Fund		<u>13,769,562.19</u>	<u>11,372,150.20</u>
Federal and State Grant Fund							
Grants Receivable	A-22	1,536,793.04	2,194,475.40	Federal and State Grant Fund:			
				Due to Capital Fund	A-21	10,894.52	511,516.43
				Reserve for Encumbrances	A-23	50,347.98	449,180.14
				Reserve for Grants - Unappropriated	A-24	38,709.03	43,804.54
				Reserve for Grants - Appropriated	A-23	1,436,841.51	1,189,974.29
				Total Grant Fund		1,536,793.04	2,194,475.40
Total Grant Fund		<u>1,536,793.04</u>	<u>2,194,475.40</u>				
		<u>\$ 15,306,355.23</u>	<u>\$ 13,566,625.60</u>			<u>\$ 15,306,355.23</u>	<u>\$ 13,566,625.60</u>

BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

<u>REVENUE AND OTHER INCOME</u>	<u>REF.</u>	<u>YEAR 2018</u>	<u>YEAR 2017</u>
Fund Balance Utilized	A-1,A-2	\$ 2,600,000.00	\$ 2,500,000.00
Miscellaneous Revenue Anticipated	A- 2	14,825,741.03	14,435,332.00
Receipts from Delinquent Taxes	A- 2	531,365.78	731,818.38
Receipts from Current Taxes	A- 2	68,919,914.73	65,930,149.63
Non-Budget Revenue	A- 2	2,909,181.51	878,064.93
Revenue Accounts Receivable - Sewer Loan	A-10	-	3,650.43
Other Credits to Income:			
Unexpended Balance of Appropriation Reserve:	A-14	343,215.29	297,475.58
Cancellation of State and Federal			
Grants Appropriated	A-15	32,864.08	-
Cancellation of Accounts Payable	A-19	86,054.60	171,280.87
Cancellation of Tax Overpayments	A-18	-	32,045.98
		<hr/>	<hr/>
Total Income		90,248,337.02	84,979,817.80
		<hr/>	<hr/>
<u>EXPENDITURES</u>			
Budget Appropriations			
Operations			
Salaries and Wages	A- 3	16,290,800.00	15,551,300.00
Other Expenses	A- 3	18,683,240.06	17,954,970.40
Capital Improvements	A- 3	2,196,455.00	2,120,597.00
Municipal Debt Service	A- 3	3,842,557.60	3,903,854.15
Deferred Charges and Statutory Expenditures	A- 3	3,296,644.84	3,194,720.00
County Taxes	A-20	8,969,922.10	8,742,438.13
County Share of Added and Omitted Taxes	A-20	147,127.08	4,189.75
Local District School Taxes	A-20	28,180,625.00	27,289,885.00
Special District Taxes	A-20	2,717,203.00	2,552,203.00
Municipal Open Space Tax	A-20	739,667.31	736,169.15
Refund State Tax Appeals	A-4	655.05	311,874.73
Cancellation of State and Federal			
Grants Receivable	A-15	38,718.61	-
Prior Year Senior Citizens' and Veterans'			
Deductions Allowed/Disallowed (Net)	A- 6	16,309.59	11,842.47
		<hr/>	<hr/>
Total Expenditures		85,119,925.24	82,374,043.78
		<hr/>	<hr/>
Excess in Revenue		5,128,411.78	2,605,774.02
		<hr/>	<hr/>
Regulatory Excess to Fund Balance		5,128,411.78	2,605,774.02
		<hr/>	<hr/>
Fund Balance, January 1	A	5,885,801.30	5,780,027.28
		<hr/>	<hr/>
		11,014,213.08	8,385,801.30
Decreased by:			
Utilization as Anticipated Revenue	A-1	2,600,000.00	2,500,000.00
		<hr/>	<hr/>
Fund Balance, December 31	A	\$ 8,414,213.08	\$ 5,885,801.30
		<hr/> <hr/>	<hr/> <hr/>

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

BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

REF.	ANTICIPATED		N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
	2018 BUDGET				
A-1	\$ 2,600,000.00	\$	-	\$ 2,600,000.00	\$ -
Surplus Anticipated					
Miscellaneous Revenues:					
Licenses:					
	Alcoholic Beverages	30,000.00	-	36,777.50	6,777.50
A-10	Other	30,000.00	-	18,682.28	(11,317.72)
A-10	Fees and Permits	1,010,000.00	-	1,189,050.32	179,050.32
A-10	Municipal Court - Fines and Costs	525,000.00	-	566,061.22	41,061.22
A-10	Interest and Costs on Taxes	275,000.00	-	242,395.99	(32,604.01)
A-10	Interest on Investments and Deposits	100,000.00	-	206,928.55	106,928.55
A-11	Sewer User Fees	5,650,000.00	-	5,413,351.69	(236,648.31)
A-10	Payment in Lieu of Taxes	2,450,000.00	-	3,182,668.75	732,668.75
A-10	Energy Receipts Taxes	2,224,217.00	-	2,293,052.00	68,835.00
Consolidated Municipal Property Tax					
	Relief Act	358,894.00	-	290,059.00	(68,835.00)
A-10	Uniform Construction Code Fees	1,050,000.00	-	573,650.00	(476,350.00)
A-10	Engineering Fees	10,000.00	-	19,375.00	9,375.00
A-10	Uniform Fire Safety Act	40,000.00	-	82,267.65	42,267.65
A-10	Carteret Hazmat Funding	250,000.00	-	275,000.00	25,000.00
A-22	Clean Communities Grant	-	36,338.83	36,338.83	-
Municipal Alliance on Alcoholism and					
	Drug Abuse	-	20,000.00	20,000.00	-
A-22	Body Armor	-	1,750.00	1,750.00	-
A-22	NJDOT Arts District Road & Streetscape	288,019.00	-	288,019.00	-
A-22	Older Americans Act	24,050.00	-	24,050.00	-
A-22	County Historic Grant	600.00	-	600.00	-
A-22	County Arts Grant	1,600.00	-	1,600.00	-
A-22	County History Grant	1,700.00	-	1,700.00	-
A-22	Click It Or Ticket It	5,500.00	-	5,500.00	-
A-22	Municipal Court-DWI	1,994.54	-	1,994.54	-
A-22	Recycling Tonnage Grant	-	27,813.49	27,813.49	-
A-22	Municipal Recycling Assistance	12,260.00	-	12,260.00	-
A-22	Summer Food	-	14,795.22	14,795.22	-

BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

REF.	ANTICIPATED 2018 BUDGET	N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Total Miscellaneous Revenues	14,338,834.54	100,697.54	14,825,741.03	386,208.95
Receipts from Delinquent Taxes	548,000.00	-	531,365.78	(16,634.22)
Subtotal General Revenues	17,486,834.54	100,697.54	17,957,106.81	369,574.73
Amount to be Raised by Taxes for Support of:				
Municipal Budget	27,498,010.82	-	28,778,851.26	1,280,840.44
Library Tax	761,518.98	-	761,518.98	-
Subtotal Amount to be Raised by Taxes	28,259,529.80	-	29,540,370.24	1,280,840.44
Total General Revenues	45,746,364.34	100,697.54	47,497,477.05	1,650,415.17
Non-Budget Revenues	-	-	2,909,181.51	2,909,181.51
	\$ 45,746,364.34	\$ 100,697.54	\$ 50,406,658.56	\$ 4,559,596.68
Adopted Budget	\$ 45,746,364.34			
Added by N.J.S.A. 40A:4-87	100,697.54			
	\$ 45,847,061.88			

BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>REF.</u>	ANTICIPATED 2018 <u>BUDGET</u>	N.J.S.A. 40A:4-87	<u>REALIZED</u>	EXCESS OR (DEFICIT)
<u>Analysis of Realized Revenues</u>					
Allocation of Current Tax Collections:					
Prepaid Taxes Prior Year	\$	647,211.03			
Cash Collected 2018		68,122,562.62			
State Share of Sr Citizens & Vet. Deductions Allowed		<u>150,141.08</u>			
	\$		68,919,914.73		
Allocated to:					
School, County and Special District Taxes			<u>40,754,544.49</u>		
			28,165,370.24		
Add: Reserve for Uncollected Taxes			<u>1,375,000.00</u>		
Amount for Support of Municipal Budget	\$		<u><u>29,540,370.24</u></u>		

**BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY**

CURRENT FUND

**STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2018**

	2018 <u>BUDGET</u>	Transfers	N.J.S.A. 40A:4-87	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
						ENCUMBERED	RESERVED	
Operations Within "CAPS"								
<u>GENERAL GOVERNMENT</u>								
Mayor and Council								
Salaries and Wages	\$ 168,000.00	-	-	\$ 168,000.00	167,575.20	424.80	\$ -	\$ -
Other Expenses	13,250.00	-	-	13,250.00	11,588.78	1,635.00	26.22	-
Municipal Clerk								
Salaries and Wages	498,000.00	-	-	498,000.00	488,146.21	9,853.79	-	-
Other Expenses	43,000.00	-	-	43,000.00	36,924.11	5,614.54	461.35	-
Financial Administration								
Salaries and Wages	350,000.00	(35,000.00)	-	315,000.00	304,771.78	6,123.31	4,104.91	-
Other Expenses	66,000.00	5,000.00	-	71,000.00	69,029.33	1,857.60	113.07	-
Annual Audit								
Other Expenses	33,000.00	-	-	33,000.00	10,039.07	22,960.93	-	-
Revenue Administration								
Salaries and Wages	195,000.00	(15,000.00)	-	180,000.00	174,564.95	3,692.18	1,742.87	-
Other Expenses	21,000.00	2,000.00	-	23,000.00	22,280.00	720.00	-	-
Assessment of Taxes								
Salaries and Wages	135,000.00	(10,000.00)	-	125,000.00	120,184.48	2,882.54	1,932.98	-
Other Expenses	50,000.00	5,000.00	-	55,000.00	43,042.85	9,725.09	2,232.06	-
Legal Services and Costs								
Salaries and Wages	190,000.00	-	-	190,000.00	189,973.20	26.80	-	-
Other Expenses	460,000.00	70,000.00	-	530,000.00	383,778.89	117,903.71	28,317.40	-
Engineering Services and Costs								
Salaries and Wages	330,000.00	-	-	330,000.00	325,022.27	4,977.73	-	-
Other Expenses	400,000.00	70,000.00	-	470,000.00	343,817.45	126,080.05	102.50	-
Economic Development Agency								
Salaries and Wages	45,000.00	-	-	45,000.00	34,379.76	824.72	9,795.52	-
Other Expenses	1,500.00	-	-	1,500.00	879.08	565.00	55.92	-
Municipal Land Use Law (N.J.S.A. 40:55D-1)								
Planning Board								
Salaries and Wages	20,000.00	-	-	20,000.00	14,501.26	389.85	5,108.89	-
Other Expenses	3,000.00	-	-	3,000.00	776.13	319.00	1,904.87	-
Zoning Board								
Salaries and Wages	20,000.00	-	-	20,000.00	11,851.72	261.33	7,886.95	-
Other Expenses	1,500.00	-	-	1,500.00	144.17	-	1,355.83	-
Contribution to Redevelopment Agency	200,000.00	-	-	200,000.00	135,000.00	-	-	65,000.00
Contribution to Port Authority	500,000.00	-	-	500,000.00	500,000.00	-	-	-
Contribution to Historical Society	5,000.00	-	-	5,000.00	4,602.18	-	397.82	-

**BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY**

CURRENT FUND

**STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2018**

	2018 <u>BUDGET</u>	Transfers	N.J.S.A. 40A:4-87	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED	
						ENCUMBERED	RESERVED		
Central Jersey Arts Council	150,000.00	-	-	150,000.00	82,050.24	12,210.00	55,739.76	-	
Special Improvement District Insurance	500,000.00	-	-	500,000.00	500,000.00	-	-	-	
Liability Insurance and Surety Bond Premium	830,000.00	5,000.00	-	835,000.00	829,773.04	-	5,226.96	-	
Worker Compensation Insurance	375,000.00	(15,000.00)	-	360,000.00	358,300.00	-	1,700.00	-	
Employee Group Insurance	5,375,000.00	(280,000.00)	-	5,095,000.00	4,574,262.63	513,439.11	7,298.26	-	
Employee Group Insurance-Waiver	25,000.00	-	-	25,000.00	12,347.55	-	12,652.45	-	
Unemployment Insurance	70,000.00	-	-	70,000.00	70,000.00	-	-	-	
<u>PUBLIC SAFETY</u>									
Police									
Salaries and Wages:									
Permanent Full Time	7,550,000.00	(10,000.00)	-	7,540,000.00	7,445,019.94	94,980.06	-	-	
School Crossing Guards	310,000.00	(30,000.00)	-	280,000.00	259,979.62	14,000.00	6,020.38	-	
Other Expenses	249,500.00	-	-	249,500.00	218,545.96	27,341.03	3,613.01	-	
Police Dispatch/911									
Salaries and Wages	460,000.00	(20,000.00)	-	440,000.00	419,831.76	17,036.34	3,131.90	-	
Emergency Management Services									
Salaries and Wages	8,800.00	-	-	8,800.00	7,551.63	301.92	946.45	-	
Other Expenses	10,000.00	-	-	10,000.00	6,202.42	3,499.03	298.55	-	
Emergency Medical Services									
Salaries and Wages	375,000.00	-	-	375,000.00	360,670.83	14,329.17	-	-	
Other Expenses:	70,000.00	-	-	70,000.00	39,407.46	18,615.52	11,977.02	-	
Aid to Volunteer Fire Companies	57,000.00	-	-	57,000.00	26,929.70	29,841.29	229.01	-	
Fire									
Salaries and Wages	2,650,000.00	-	-	2,650,000.00	2,276,437.62	371,500.00	2,062.38	-	
Other Expenses:									
Miscellaneous Other Expenses	479,500.00	-	-	479,500.00	414,718.51	36,067.07	28,714.42	-	
Carteret Hazmat Assoc Agreement									
Salaries and Wages	176,000.00	-	-	176,000.00	176,000.00	-	-	-	
Other Expenses:	91,000.00	-	-	91,000.00	11,967.17	20,205.73	58,827.10	-	
Municipal Prosecutor									
Salaries and Wages	45,000.00	10,000.00	-	55,000.00	50,630.85	1,280.13	3,089.02	-	

**BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY**

CURRENT FUND

**STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2018**

	2018 <u>BUDGET</u>	Transfers	N.J.S.A. 40A:4-87	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
						ENCUMBERED	RESERVED	
<u>STREETS AND ROADS</u>								
Road Repairs and Maintenance								
Salaries and Wages	595,000.00	\$ 10,000.00	-	605,000.00	593,422.56	11,577.44	-	-
Other Expenses	130,000.00	45,000.00	-	175,000.00	130,077.26	44,767.25	155.49	-
<u>SANITATION</u>								
Street Cleaning								
Salaries and Wages	180,000.00	-	-	180,000.00	177,297.18	2,702.82	-	-
Other Expenses	1,500.00	-	-	1,500.00	-	1,500.00	-	-
Garbage and Trash Removal								
Other Expenses	1,375,000.00	15,000.00	-	1,390,000.00	1,322,319.96	67,492.84	187.20	-
Public Buildings and Grounds								
Salaries and Wages	185,000.00	5,000.00	-	190,000.00	187,175.57	2,824.43	-	-
Other Expenses	110,000.00	30,000.00	-	140,000.00	119,457.43	20,051.71	490.86	-
Municipal Garage								
Salaries and Wages	185,000.00	(20,000.00)	-	165,000.00	159,743.26	4,600.00	656.74	-
Other Expenses	117,000.00	5,000.00	-	122,000.00	76,744.64	43,808.80	1,446.56	-
<u>HEALTH AND WELFARE</u>								
Board of Health								
Other Expenses	102,000.00	-	-	102,000.00	94,111.76	7,883.00	5.24	-
Animal Control Services								
Other Expenses	30,000.00	-	-	30,000.00	24,335.58	5,232.75	431.67	-
Municipal Court								
Salaries and Wages	300,000.00	5,000.00	-	305,000.00	299,835.62	5,164.38	-	-
Other Expenses	42,200.00	-	-	42,200.00	31,534.31	6,631.57	4,034.12	-
Public Defender								
Salaries and Wages	11,000.00	-	-	11,000.00	10,997.72	-	2.28	-
<u>RECREATION AND EDUCATION</u>								
Recreation Commission								
Other Expenses	72,000.00	10,000.00	-	82,000.00	63,670.55	12,709.61	5,619.84	-
Parks and Playgrounds								
Salaries and Wages	575,000.00	15,000.00	-	590,000.00	589,802.53	197.47	-	-
Other Expenses	199,000.00	15,000.00	-	214,000.00	183,223.79	28,259.58	2,516.63	-
Senior Citizens Transportation								
Salaries and Wages	75,000.00	(10,000.00)	-	65,000.00	55,081.76	2,600.00	7,318.24	-
Other Expenses	6,500.00	-	-	6,500.00	5,154.84	1,065.80	279.36	-
Office of the Handicapped								

**BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY**

CURRENT FUND

**STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2018**

	2018 <u>BUDGET</u>	Transfers	N.J.S.A. 40A:4-87	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
						ENCUMBERED	RESERVED	
Salaries and Wages	7,000.00	-	-	7,000.00	4,554.56	-	2,445.44	-
Other Expenses	2,500.00	-	-	2,500.00	-	-	2,500.00	-
Handicapped Recreation								
Salaries and Wages	14,000.00	-	-	14,000.00	13,454.00	-	546.00	-
Other Expenses	11,500.00	-	-	11,500.00	3,535.20	1,347.00	6,617.80	-
<u>UTILITY EXPENSES & BULK PURCHASING</u>								
Electricity	485,000.00	-	-	485,000.00	477,089.00	-	7,911.00	-
Street Lighting	500,000.00	145,000.00	-	645,000.00	567,907.27	77,092.73	-	-
Telephone	240,000.00	(10,000.00)	-	230,000.00	203,191.13	15,645.30	11,163.57	-
Water	150,000.00	-	-	150,000.00	148,690.67	1,309.33	-	-
Gas-Natural	65,000.00	-	-	65,000.00	54,811.40	10,188.60	-	-
Gasoline	185,000.00	-	-	185,000.00	169,070.38	15,324.97	604.65	-
Telecommunications Costs S&W	95,000.00	-	-	95,000.00	85,454.54	1,882.19	7,663.27	-
Telecommunications Costs OE	100,000.00	(20,000.00)	-	80,000.00	54,832.58	14,903.00	10,264.42	-
Postage	45,000.00	-	-	45,000.00	39,032.90	5,512.67	454.43	-
Sewerage Treatment Plant								
Salaries and Wages	265,000.00	(10,000.00)	-	255,000.00	239,895.07	7,900.00	7,204.93	-
Other Expenses	85,500.00	-	-	85,500.00	60,688.24	22,415.86	2,395.90	-
<u>UNIFORM CONSTRUCTION CODE - APPROPS. OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)</u>								
Building Inspector								
Salaries and Wages	255,000.00	28,000.00	-	283,000.00	277,561.45	5,438.55	-	-
Other Expenses	26,500.00	-	-	26,500.00	20,129.59	5,277.17	1,093.24	-
<u>OTHER COMMON OPERATING FUNCTIONS (UNCLASSIFIED)</u>								
Older Americans Act								
Salaries and Wages	120,000.00	(10,000.00)	-	110,000.00	102,539.06	3,900.00	3,560.94	-
Other Expenses	1,000.00	-	-	1,000.00	150.00	462.89	387.11	-
Celebration of Public Events	140,000.00	-	-	140,000.00	132,656.01	240.00	7,103.99	-
Total Operations Within "CAPS"	30,689,250.00	-	-	30,689,250.00	28,312,729.17	1,949,394.08	362,126.75	65,000.00
Contingent	10,000.00	-	-	10,000.00	9,139.49	355.60	504.91	-

**BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY**

CURRENT FUND

**STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2018**

	2018 <u>BUDGET</u>	Transfers	N.J.S.A. 40A:4-87	BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELLED	
					PAID OR CHARGED	ENCUMBERED		RESERVED
Total Operations Including Contingent Within "CAPS"	30,699,250.00	-	-	30,699,250.00	28,321,868.66	1,949,749.68	362,631.66	65,000.00
DETAIL:								
Salaries and Wages	16,387,800.00	(97,000.00)	-	16,290,800.00	15,623,907.96	591,671.95	75,220.09	-
Other Expenses (Including Contingent)	14,311,450.00	97,000.00	-	14,408,450.00	12,697,960.70	1,358,077.73	287,411.57	-
Statutory Expenditures:								
Contribution to:								
Public Employees' Retirement System	659,827.84	-	-	659,827.84	659,827.84	-	-	-
Police/Fire Pension	2,004,417.00	-	-	2,004,417.00	2,004,417.00	-	-	-
Social Security System (O.A.S.I.)	620,000.00	-	-	620,000.00	620,000.00	-	-	-
DCRP	3,000.00	-	-	3,000.00	3,000.00	-	-	-
Consol. Police & Firemen's Fund	9,400.00	-	-	9,400.00	9,365.76	-	34.24	-
Total Deferred Charges and Statutory Expend. Municipal Within "CAPS"	3,296,644.84	-	-	3,296,644.84	3,296,610.60	-	34.24	-
Total General Appropriations for Municipal Purposes Within "CAPS"	33,995,894.84	-	-	33,995,894.84	31,618,479.26	1,949,749.68	362,665.90	65,000.00
Operations Excluded From "CAPS"								
Other Operations Excluded from "CAPS"								
Length of Service Award Program - Volunteer Fire	30,000.00	-	-	30,000.00	-	-	30,000.00	-
Maintenance of Free Public Library (Ch. 82 & 54, P.L. 1985)	761,518.98	-	-	761,518.98	740,706.40	19,892.94	919.64	-
Middlesex County Utilities Authority Sewage Treatment - Contractual	3,100,000.00	-	-	3,100,000.00	2,858,071.04	60,000.00	181,928.96	-
NJDEP Fees	5,250.00	-	-	5,250.00	5,250.00	-	-	-
Total Other Operations Excluded from "CAPS"	3,896,768.98	-	-	3,896,768.98	3,604,027.44	79,892.94	212,848.60	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES								
Municipal Recycling Assistance	12,260.00	-	-	12,260.00	12,260.00	-	-	-
Municipal Alliance- Alcohol & Drug Match	5,000.00	-	-	5,000.00	5,000.00	-	-	-
Municipal Court-DWI	1,994.54	-	-	1,994.54	1,994.54	-	-	-

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

BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	Transfers	N.J.S.A. 40A:4-87	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
						ENCUMBERED	RESERVED	
County Historic Grant	600.00	-	-	600.00	600.00	-	-	-
County History Grant	1,700.00	-	-	1,700.00	1,700.00	-	-	-
County Arts Grant-Match	1,600.00	-	-	1,600.00	1,600.00	-	-	-
Federal Coast Zone Management	1,600.00	-	-	1,600.00	1,600.00	-	-	-
Body Armor Grant	-	-	1,750.00	1,750.00	1,750.00	-	-	-
Click It or Ticket It	5,500.00	-	-	5,500.00	5,500.00	-	-	-
Summer Food	-	-	14,795.22	14,795.22	14,795.22	-	-	-
Clean Communities	-	-	36,338.83	36,338.83	36,338.83	-	-	-
Older American	24,050.00	-	-	24,050.00	24,050.00	-	-	-
NJDOT-Arts District Road	288,019.00	-	-	288,019.00	288,019.00	-	-	-
Municipal Alliance	-	-	20,000.00	20,000.00	20,000.00	-	-	-
Recycle Tonnage	-	-	27,813.49	27,813.49	27,813.49	-	-	-
Total Public and Private Programs Excluded from "CAPS"	342,323.54	-	100,697.54	443,021.08	443,021.08	-	-	-
Total Operations - Excluded from "CAPS"	4,239,092.52	-	100,697.54	4,339,790.06	4,047,048.52	79,892.94	212,848.60	-
DETAIL:								
Other Expenses	4,239,092.52	-	100,697.54	4,339,790.06	4,047,048.52	79,892.94	212,848.60	-
<u>Capital Improvements - Excluded from "CAPS"</u>								
Capital Improvement Fund	1,800,000.00	-	-	1,800,000.00	1,800,000.00	-	-	-
Reserve for Sewer Improvements	386,455.00	-	-	386,455.00	386,455.00	-	-	-
Purchase of Trees	10,000.00	-	-	10,000.00	10,000.00	-	-	-
Total Capital Improvements - Excluded from "CAPS"	2,196,455.00	-	-	2,196,455.00	2,196,455.00	-	-	-
<u>Municipal Debt Service - Excluded from "CAPS"</u>								
Payment of Bond Principal	695,000.00	-	-	695,000.00	695,000.00	-	-	-
Interest of Bonds	406,643.76	-	-	406,643.76	406,643.76	-	-	-
Payment of Note Principal	1,000,000.00	-	-	1,000,000.00	1,000,000.00	-	-	-
Interest of Notes	684,343.00	-	-	684,343.00	683,075.61	-	-	1,267.39
Loan Payable Green Acres Principal/Interest	59,677.11	-	-	59,677.11	59,677.11	-	-	-
Loan Payable - NJEIT	645,095.80	-	-	645,095.80	551,130.90	-	-	93,964.90
Loan Payable Lake&Stream	18,654.95	-	-	18,654.95	18,654.95	-	-	-
MCIA - Loans Payable	294,619.83	-	-	294,619.83	294,093.36	-	-	526.47
MCIA - Lease Payable	113,387.53	-	-	113,387.53	111,781.91	-	-	1,605.62

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

BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	Transfers	N.J.S.A. 40A:4-87	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELLED
						ENCUMBERED			
Loan Principal - Demo Loan	22,500.00	-	-	22,500.00	22,500.00	-	-	-	-
Total Municipal Debt Service - Excluded from "CAPS"	3,939,921.98	-	-	3,939,921.98	3,842,557.60	-	-	-	97,364.38
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	10,375,469.50	-	100,697.54	10,476,167.04	10,086,061.12	79,892.94	212,848.60	97,364.38	
Subtotal General Appropriations	44,371,364.34	-	100,697.54	44,472,061.88	41,704,540.38	2,029,642.62	575,514.50	162,364.38	
Reserve for Uncollected Taxes	1,375,000.00	-	-	1,375,000.00	1,375,000.00	-	-	-	-
Total General Appropriations	\$ 45,746,364.34	\$ -	\$ 100,697.54	\$ 45,847,061.88	\$ 43,079,540.38	\$ 2,029,642.62	\$ 575,514.50	\$ 162,364.38	

Ref.

Adopted Budget A-2
Inserted by NJSA 40A:4-87 A-1, A-2

\$ 45,746,364.34
100,697.54

\$ 45,847,061.88

Reserve for Uncollected Taxes A-2
Cash Disbursed A-4
Transfer to State and Federal Grant Fund A-15

1,375,000.00
41,261,519.30
443,021.08
43,079,540.38

A-1 A, A-1 A, A-1

BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY

TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS AT DECEMBER 31, 2018 AND 2017

ASSETS	BALANCE DEC. 31, 2018	BALANCE DEC. 31, 2017	LIABILITIES, RESERVES AND FUND BALANCE	BALANCE DEC. 31, 2018	BALANCE DEC. 31, 2017
REF.	REF.		REF.	REF.	
Animal Control Fund:			Animal Control Fund:		
Cash	B-1 \$ 14,968.58	\$ 13,082.89	Due to State of New Jersey	B-1 \$ -	-
			Res. for Animal Control Fund Expend.	B-1 14,968.58	13,082.89
Total Animal Control Fund	14,968.58	13,082.89	Total Animal Control Fund	14,968.58	13,082.89
Other Trust Fund:			Other Trust Fund:		
Cash and Investments	B-1 3,097,752.81	3,630,310.99	Reserve for Encumbrances	B-1 20,825.89	108,528.25
			Res. for Payroll Deductions	B-1 377,205.14	621,346.73
			Res. for Unemploy. Expend.	B-1 236,359.37	99,730.26
			Trust Fund Reserves	B-1 2,463,362.41	2,800,705.75
Total Other Trust Fund	3,097,752.81	3,630,310.99	Total Other Trust Fund	3,097,752.81	3,630,310.99
Open Space Tax			Open Space Tax		
Cash	B-1 986,333.01	999,087.71	Reserve for Open Space Levy	B-1 21,124.22	999,087.71
			Reserve for Encumbrances	B-1 965,208.79	
Total Open Space Tax Fund	986,333.01	999,087.71	Total Open Space Tax Fund	986,333.01	999,087.71
Community Development			Community Development		
Block Grant Trust Fund:			Block Grant Trust Fund:		
Cash	B-1 17,688.89	4,979.40	Res. for Commun. Dev. Expend.	B-1 15,076.00	61,105.40
Grants Receivable	B-1 6,376.00	77,859.00	Res. for Rehabilitation Loans	B-1 8,988.89	11,733.00
			Res. for Administrative Costs	B-1	
			Due to Capital Fund	B-1	10,000.00
Total Community Development	24,064.89	82,838.40	Total Community Development	24,064.89	82,838.40
Block Grant Trust Fund			Block Grant Trust Fund		
Cash and Investments - Trustee	B-1 214,970.84	243,370.52	LOSAP Fund (Unaudited):	B-1 214,970.84	243,370.52
			Res. for LOSAP Funds Held by Trustee	214,970.84	243,370.52
Total LOSAP Fund	214,970.84	243,370.52	Total LOSAP Fund	214,970.84	243,370.52
	\$ 4,338,090.13	\$ 4,968,690.51		\$ 4,338,090.13	\$ 4,968,690.51

BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER 31, <u>2018</u>	BALANCE DECEMBER 31, <u>2017</u>
Cash and Investments - Treasurer	C-2	\$ 4,828,516.77	\$ 8,957,177.26
Grants - In - Aid, Loans and Other Receivable	C-4	38,909,539.59	40,618,769.73
Interfunds Receivable	C-3,C-3a	10,894.52	521,516.43
Deferred Charges to Future Taxation:			
Funded - Serial Bonds	C-5	11,030,000.00	11,725,000.00
Funded - Loans Payable	C-5	2,054,241.38	2,395,034.64
Funded - Leases Payable	C-5	479,217.79	311,894.08
Funded - NJEIT	C-5	11,494,225.26	11,224,970.37
Unfunded	C-6	<u>44,564,675.41</u>	<u>48,368,941.73</u>
		\$ <u>113,371,310.72</u>	\$ <u>124,123,304.24</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-9	\$ 11,030,000.00	\$ 11,725,000.00
Bond Anticipation Notes	C-7	37,700,000.00	36,550,000.00
Green Acre Loans Payable	C-10	738,658.66	792,911.01
Project Loans Payable	C-10	257,956.32	295,974.98
MCIA Loan Payable	C-10	1,057,626.40	1,306,148.65
Capital Leases Payable - M.C.I.A.	C-11	479,217.79	311,894.08
NJEIT Loans Payable	C-14	11,494,225.26	11,224,970.37
Reserve for Encumbrances Payable	C-8	8,170,973.52	17,273,121.48
Improvement Authorizations:			
Funded	C-8	13,430,832.70	19,172,747.49
Unfunded	C-8	11,999,152.84	2,696,479.35
Reserve for:			
Capital Improvement Fund	C-13	50,803.75	86,803.75
Cash or Appropriated Reserves	C-12	1,912,948.36	3,030,031.66
Grants and Loans Receivable	C-12	14,925,387.89	19,526,726.42
Fund Balance	C-1	<u>123,527.23</u>	<u>130,495.00</u>
		\$ <u>113,371,310.72</u>	\$ <u>124,123,304.24</u>
 Bonds and Notes Authorized but not Issued	 C-15	 \$ <u>6,866,764.52</u>	 \$ <u>12,764,241.31</u>

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

BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>REF.</u>		
Balance - December 31, 2017	C		\$ 130,495.00
Increased by:			
Cancel Unexpended Improvement Authorization	C-8	100,452.73	
Bond Anticipation Note Premium	C-2	233,074.50	
			<u>333,527.23</u>
			464,022.23
Decreased by:			
Improvement Authorization-Ord#18-01	C-8	130,495.00	
Improvement Authorization-Ord#18-13	C-8	<u>210,000.00</u>	
			<u>340,495.00</u>
Balance - December 31, 2018	C		<u><u>\$ 123,527.23</u></u>

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

BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP
 STATEMENTS OF GENERAL FIXED ASSETS
 DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Land	\$ 65,107,659	\$ 65,107,659
Buildings AND Building Improvements	33,053,644	33,053,644
Equipment & Machinery	13,111,662	12,372,585
Construction in Progress	69,660,973	58,809,493
Lease Purchase Agreements	<u>2,085,962</u>	<u>2,085,962</u>
 Total	 <u>\$ 183,019,900</u>	 <u>\$ 171,429,343</u>
<u>FUND BALANCE</u>		
 Investment in General Fixed Assets	 <u>\$ 183,019,900</u>	 <u>\$ 171,429,343</u>

**BOROUGH OF CARTERET
COUNTY OF MIDDLESEX**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Borough of Carteret, County of Middlesex, New Jersey (hereafter referred to as the "Borough") is governed by the Borough form of government, with a mayor and a 6-member Borough Council. The mayor is the head of the municipal government and the council is the legislative body. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to the mayor and the organization of the council into standing committees to oversee various Borough activities.

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

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained further in this note.

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

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

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

General Capital Fund – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

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

BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

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

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost with the exception of LOSAP investments which are reported at fair value. Therefore unrealized gains or losses on investments have not been recorded.

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

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

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

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

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

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

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

BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Borough’s annual budget, but also the amounts required in support of the budgets of the County of Middlesex, the Carteret Business Partnership (Business Improvement District), and Carteret Public School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

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

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Carteret Public School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district January 1st to December 31st.

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

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

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

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

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The following GASB pronouncement effective for the current year did have a significant impact on the Borough’s financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

Note 2. Deposits and Investments

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

Deposits

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

**BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2. Deposits and Investments (continued):

As of December 31, 2018, the Borough's bank balance of \$23,661,736 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$	19,490,956
Uninsured and Uncollateralized		4,170,779
	\$	23,661,736

Investments

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

Under regulatory basis of accounting, investments are measured at cost in the Borough's financial statements. However, had the financial statements been prepared in accordance with GAAP, the Borough's fair value, hierarchy level and maturities of its investments at December 31, 2018 would be as followed:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2018</u>			<u>Investment Maturities (in Less Than 1 Year)</u>
		<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>	
Money Markets	\$ 418	\$ 418	\$ -	\$ 418	\$ 418
Mutual Funds	175,822	175,822	-	175,822	175,822
Fixed Account Investment Contract	38,731	-	38,731	38,731	38,731
	\$ 214,971	\$ 176,240	\$ 38,731	\$ 214,971	\$ 214,971
 <u>Fund</u>					
Trust Fund - LOSAP	\$ 214,971	\$ 176,240	\$ 38,731	\$ 214,971	\$ 214,971
	\$ 214,971	\$ 176,240	\$ 38,731	\$ 214,971	\$ 214,971

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

**BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2. Deposits and Investments (continued):

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

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

Note 3. Property Taxes

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

Comparison Schedule of Tax Rates

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 2.727</u>	<u>\$ 2.630</u>	<u>\$ 3.167</u>
Apportionment of Tax Rate:			
Municipal	1.134	1.101	1.258
Municipal Open Space	0.030	0.030	0.030
Municipal Library	0.031	0.029	0.037
County General	0.342	0.330	0.413
Open Space Tax County	0.028	0.027	0.035
Local School	1.162	1.113	1.394

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 2,425,732,123
2017	2,452,723,515
2016	1,900,760,624

**BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 3. Property Taxes (continued):

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2018	\$ 70,132,582	\$ 68,919,915	98.28%
2017	67,071,650	65,930,150	98.30%
2016	63,909,417	63,039,505	98.64%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2018	\$ 61,333	\$ 613,288	\$ 674,621	0.96%
2017	61,093	528,453	589,546	0.88%
2016	36,983	787,949	824,932	1.29%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2018	7
2017	6
2016	5

The last tax sale was held on November 9, 2018.

Note 4: Property Acquired By Tax Title Lien Liquidation

The value of properties acquired by liquidation of tax title liens based on the last assessed valuation of such properties as of December 31, was as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 896,900.00
2017	896,900.00
2016	896,900.00

**BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 5: Water/Sewer Utility Service Charges

The following is a three-year comparison of water/sewer utility charges (rents) and collections for the current and previous two years.

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2018	\$ 318,736	\$ 5,348,156	\$ 5,666,892	\$ 5,413,351	95.52%
2017	442,572	5,608,321	6,050,893	5,732,157	94.73%
2016	320,547	5,529,639	5,850,186	5,407,614	92.43%

Note 6. Fund Balances Appropriated

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2018	\$ 8,414,213.00	\$ 2,450,000.00	29.12%
2017	5,885,801.00	2,600,000.00	44.17%
2016	5,780,027.00	2,500,000.00	43.25%

Note 7. Disaggregated Receivable and Payable Balances

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

Note 8. Interfund Receivables, Payables and Transfers

There were no individual fund receivable/payable balances at December 31, 2018.

**BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2018.

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Balance December 31, <u>2018</u>
General Fixed Asset Account Group:					
Land	\$ 65,107,659	\$ -	\$ -	\$ -	\$ 65,107,659
Buildings & Improvements	33,053,644	-	-	-	33,053,644
Equipment & Machinery	12,372,585	739,077	-	-	13,111,662
Construction in Progress	58,809,493	10,851,480	-	-	69,660,973
Lease Purchase Agreement	2,085,962	-	-	-	2,085,962
	<hr/>				<hr/>
	\$ 171,429,343	\$ 11,590,557	\$ -	\$ -	\$ 183,019,900
	<hr/>				<hr/>

BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
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Note 10. Pension Obligations

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2018, the State's pension contribution was less than the actuarial determined amount. The local

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employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2018, the Borough's contractually required contribution to PERS plan was \$660,046.

Components of Net Pension Liability - At December 31, 2018, the Borough's proportionate share of the PERS net pension liability was \$13,065,526. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Borough's proportion measured as of June 30, 2018, was 0.0663578300% which was a decrease of 0.0013436600% from its proportion measured as of June 30, 2017.

Collective Balances at December 31, 2018 and December 31, 2017

	<u>12/31/2018</u>	<u>12/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 2,754,138	\$ 4,170,060
Deferred Inflows of Resources	5,518,685	4,439,879
Net Pension Liability	13,065,526	15,759,825
Borough's portion of the Plan's total net pension Liability	0.06636%	0.06770%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2018, the Borough's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2018 measurement date is \$460,475. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$660,046 to the plan in 2018.

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At December 31, 2018, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 249,162	\$ 67,370
Changes of Assumptions	2,152,982	4,177,660
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	122,555
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	351,994	1,151,100
	\$ 2,754,138	\$ 5,518,685

BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
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The Borough will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	<u>Deferred</u> <u>Outflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

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

Year Ending	<u>Dec 31,</u>	<u>Amount</u>
2019		\$ (367,498)
2020		(340,563)
2021		(865,785)
2022		(925,223)
2023		(265,478)
		<u>\$ (2,764,547)</u>

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

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2012 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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NOTES TO FINANCIAL STATEMENTS
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The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local

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employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 16,428,393</u>	<u>\$ 13,065,526</u>	<u>\$ 10,244,295</u>

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

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

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

The following represents the membership tiers for PFRS:

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

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete

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presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2018, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2018, the Borough's contractually required contributions to PFRS plan was \$2,213,292.

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

Net Pension Liability and Pension Expense - At December 31, 2018 the Borough's proportionate share of the PFRS net pension liability was \$30,634,247. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Borough's proportion measured as of June 30, 2018, was 0.2263896116%, which was a decrease of 0.0000934614% from its proportion measured as of June 30, 2017.

Collective Balances at December 31, 2018 and Decmeber 31, 2017

	<u>12/31/2018</u>	<u>12/31/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 3,358,345	\$ 5,894,644
Deferred Inflows of Resources	8,856,350	6,894,217
Net Pension Liability	30,634,247	34,964,608
 Borough's portion of the Plan's total net pension Liability	 0.22639%	 0.22648%

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Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2018, the Borough’s proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2018 measurement date was \$2,456,802. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$2,213,292 to the plan in 2018.

At December 31, 2018, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 311,664	\$ 126,772
Changes of Assumptions	2,629,538	7,851,029
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	167,597
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	417,143	710,952
	\$ 3,358,345	\$ 8,856,350

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73

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

Year Ending		
<u>Dec 31,</u>	<u>Amount</u>	
2019	\$	739,003
2020		(476,315)
2021		(2,293,770)
2022		(2,964,224)
2023		<u>(502,699)</u>
	<u>\$</u>	<u>(5,498,005)</u>

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

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the Borough is \$4,161,156 as of December 31, 2018. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The State’s proportion of the net pension liability associated with the Borough was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2018 was 0.2263896116%, which was a decrease of 0.0000934614% from its proportion measured as of June 30, 2017, which is the same proportion as the Borough’s. At December 31, 2018, the Borough’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 30,634,247
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>4,161,156</u>
	<u>\$ 34,795,403</u>

At December 31, 2018, the State’s proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2018 measurement date was \$492,882.

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

Inflation	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2012 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2012 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.51%) or 1-percentage-point higher (7.51%) than the current rate:

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	1% Decrease <u>(5.51%)</u>	Current Discount Rate <u>(6.51%)</u>	1% Increase <u>(7.51%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 41,000,138	\$ 30,634,247	\$ 22,024,480
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>5,569,191</u>	<u>4,161,156</u>	<u>2,991,662</u>
	<u>\$ 46,569,329</u>	<u>\$ 34,795,403</u>	<u>\$ 25,016,142</u>

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

Note 11. Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

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

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of

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service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

Basis of Presentation

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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Inflation Rate	2.50%
Salary Increases*:	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 9.98%

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

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Borough's as of June 30, 2018 was \$43,567,455.00. The Borough's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2018, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the OPEB Obligation associated with the Borough was based on projection of the State's long-term contributions to the OPEB plan associated with the Borough relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2018, the State proportionate share of the OPEB Obligation attributable to the Borough was 0.278091%, which was an increase of 0.274503% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$1,130,128.00 for the State's proportionate share of the OPEB expense attributable to the Borough. This OPEB expense was based on the OPEB plans June 30, 2018 measurement date.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription

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drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Borough	\$ 51,116,143.29	\$ 43,567,455.00	\$ 37,537,761.49
State of New Jersey's Total Nonemployer OPEB Liability	18,381,085,096.00	15,666,618,141.00	13,498,373,388.00

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

The following presents the net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Borough	\$ 36,342,242.89	\$ 43,567,455.00	\$ 52,917,953.07
State of New Jersey's Total Nonemployer OPEB Liability	13,068,471,450.00	15,666,618,141.00	19,029,006,023.00

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2018:

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	12/31/2018	12/31/2017
Collective Deferred Outflows of Resources	\$ 2,115,007,508.00	\$ 1,151,561,955.00
Collective Deferred Inflows of Resources	9,261,653,464.00	3,414,042,238.00
Collective Net OPEB Liability	15,666,618,141.00	20,415,788,739.00
 Borough's Portion	 0.278091%	 0.274503%

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

Year Ending June 30:	
2019	\$ (1,049,390,011.00)
2020	(1,049,390,011.00)
2021	(1,049,390,011.00)
2022	(1,050,264,681.00)
2023	(1,051,678,489.00)
Thereafter	<u>(1,896,532,753.00)</u>
	<u><u>\$ (7,146,645,956.00)</u></u>

Changes in Proportion

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

Plan Membership

At June 30, 2017, the Program membership consisted of the following:

	June 30, 2017
Active Plan Members	61,789
Retirees Currently Receiving Benefits	<u>26,277</u>
Total Plan Members	<u><u>88,066</u></u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

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Service Cost	\$ 896,235,148.00
Interest on the Total OPEB Liability	764,082,232.00
Differences Between Expected and Actual Experience	(3,626,384,047.00)
Changes of Assumptions	(2,314,240,675.00)
Contributions From the Employer	(421,194,662.00)
Contributions From Non-Employer Contributing Entity	(53,548,285.00)
Net Investment Income	(2,320,422.00)
Administrative Expense	8,200,113.00
	<hr/>
Net Change in Total OPEB Liability	(4,749,170,598.00)
Total OPEB Liability (Beginning)	20,415,788,739.00
	<hr/>
Total OPEB Liability (Ending)	<u>\$ 15,666,618,141.00</u>

**BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
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Note 12. Municipal Debt

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 86,701,219	\$ 89,414,418	\$ 83,711,527
Total Debt Issued	<u>86,701,219</u>	<u>89,414,418</u>	<u>83,711,527</u>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	<u>6,866,765</u>	<u>12,764,241</u>	<u>19,759,610</u>
Total Authorized But Not Issued	<u>6,866,765</u>	<u>12,764,241</u>	<u>19,759,610</u>
Total Gross Debt	<u><u>\$ 93,567,984</u></u>	<u><u>\$ 102,178,659</u></u>	<u><u>\$ 103,471,137</u></u>
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	18,280,198	19,245,792	19,848,515
Bonds issued by another public body	<u>25,123,728</u>	<u>27,519,413</u>	<u>29,866,176</u>
Total Deductions	<u>43,403,926</u>	<u>46,765,205</u>	<u>49,714,691</u>
Total Net Debt	<u><u>\$ 50,164,058</u></u>	<u><u>\$ 55,413,454</u></u>	<u><u>\$ 53,756,446</u></u>

Summary of Statutory Debt Condition - Annual Debt Statement

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 7,930,000	\$ 7,930,000	\$ -
General Debt	<u>93,567,984</u>	<u>43,403,926</u>	<u>50,164,058</u>
	<u><u>\$ 101,497,984</u></u>	<u><u>\$ 51,333,926</u></u>	<u><u>\$ 50,164,058</u></u>

**BOROUGH OF CARTERET
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Net Debt \$50,164,058 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$2,418,242,106, equals 2.074%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2018 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	84,638,474
Net Debt		50,164,058
Remaining Borrowing Power	\$	34,474,416

General Debt

A. Serial Bonds Payable

In November 2011, the Borough issued \$4,510,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00 % to 4.00 % and fully matured in 2018.

In February 2015, the Borough issued \$12,360,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00 % to 5.00 % and mature in 2035.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 520,000	\$ 388,569	\$ 908,569
2020	530,000	366,169	896,169
2022	555,000	322,869	877,869
2023	570,000	297,519	867,519
2024-2028	3,100,000	1,069,193	4,169,193
2029-2033	3,610,000	523,043	4,133,043
2034-2035	1,605,000	50,053	1,655,053
	\$ 11,030,000	\$ 3,362,184	\$ 14,392,184

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2018:

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<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	Balance December 31, <u>2018</u>
Various Capital Improvements	2/1/18	2/1/19	2.750%	9,400,000.00
Carteret Development Marina Project	2/1/18	2/1/19	2.750%	5,000,000.00
Various Capital Improvements	5/31/18	2/1/19	2.750%	10,750,000.00
Carteret Waterfront Development Proje	10/24/18	2/1/19	2.500%	1,500,000.00
Various Park Improvements	10/24/18	2/1/19	2.500%	1,900,000.00
Various Park Improvements	10/24/18	2/1/19	2.500%	4,800,000.00
Carteret Development Marina Project	10/24/18	2/1/19	2.500%	1,500,000.00
2018 Municipal Road Program	10/24/18	2/1/19	2.500%	<u>2,850,000.00</u>
				<u>\$ 37,700,000.00</u>

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

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2018, the Borough had \$6,866,765 in various General Capital bonds and notes authorized but not issued.

D. Loans Payable

Green Acres Loans

In 2016, the Borough finalized a loan agreement with the State of New Jersey Department of Environmental Protection, for \$325,000 to be repaid over a 20 year period at a 0.00 % interest rate. The proceeds of the loan is to provide for improvements to various park facilities.

In 2016, the Borough finalized a loan agreement with the State of New Jersey Department of Environmental Protection, for \$240,000 to be repaid over a 20 year period at a 0.00 % interest rate. The proceeds of the loan is to provide for improvements to various park facilities.

In 2009, the Borough finalized a loan agreement with the State of New Jersey Department of Environmental Protection, for \$258,000 to be repaid over a 20 year period at a 2.00 % interest rate. The proceeds of the loan is to provide for improvements to various park facilities.

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In 2007, the Borough finalized a loan agreement with the State of New Jersey Department of Environmental Protection, for \$235,747 to be repaid over a 20 year period at a 2.00 % interest rate. The proceeds of the loan is to provide for improvements to various park facilities.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 54,760	\$ 4,917	\$ 59,677
2020	55,279	4,398	59,677
2021	55,807	3,870	59,677
2022	56,347	3,330	59,677
2023	56,897	2,780	59,677
2024-2028	262,901	5,473	268,374
2029-2033	144,872	-	144,872
2034-2035	51,795	-	51,795
	<u>\$ 738,658</u>	<u>\$ 24,768</u>	<u>\$ 763,426</u>

Project Loans

In 2006, the Borough finalized a loan agreement with the State of New Jersey Department of Community Affairs, for \$450,000 to be repaid over a 20 year period at a 0.00 % interest rate. The proceeds of the loan is to provide for demolition of the Borough's sewer plant.

In 2008, the Borough finalized a loan agreement with the State of New Jersey Department of Community Affairs, for \$300,000 to be repaid over a 20 year period at a 2.00 % interest rate. The proceeds of the loan is to provide for improvements of the Borough's lake/stream.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 38,331	\$ 2,824	\$ 41,155
2020	38,649	2,506	41,155
2021	38,973	2,182	41,155
2022	39,305	1,850	41,155
2023	39,642	1,513	41,155
2024-2027	63,057	2,535	65,592
	<u>\$ 257,957</u>	<u>\$ 13,410</u>	<u>\$ 271,367</u>

MCIA Loans

In 2015, the Borough finalized a loan agreement with the Middlesex County Improvement Authority, for \$217,789 to be repaid over a 5 year period at a 1.25 % to 3.00 % interest rate. The proceeds of the loan is to provide for the purchase of a street sweeper and SUV truck.

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In 2016, the Borough finalized a loan agreement with the Middlesex County Improvement Authority, for \$1,097,924 to be repaid over a 5 year period at a 1.50 % to 4.00 % interest rate. The proceeds of the loan is to provide for various equipment and improvements.

In 2017, the Borough finalized a loan agreement with the Middlesex County Improvement Authority, for \$144,897 to be repaid over a 5 year period at a 2.00 % to 4.00 % interest rate. The proceeds of the loan is to provide for various equipment and improvements.

In 2018, the Borough finalized a loan agreement with the Middlesex County Improvement Authority, for \$299,761 to be repaid over a 10 year period at a 3.00 % to 4.00 % interest rate. The proceeds of the loan is to provide for various equipment and improvements.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 254,868	\$ 35,142	\$ 290,010
2020	219,861	25,642	245,503
2021	123,800	17,102	140,902
2022	93,570	13,727	107,297
2023	94,993	11,571	106,564
2024-2027	270,535	19,600	290,135
	\$ 1,057,627	\$ 122,784	\$ 1,180,411

NJEIT Loans

In 2010 the Borough finalized one loan agreement with the State of New Jersey Department of Environmental Protection, pursuant to the 2010 New Jersey Environmental Infrastructure Trust Financing Program.

The loan consists of two agreements, a Trust Loan Agreement of \$670,000 to be repaid over a 20 year period at interest rates ranging from 3.00% to 5.00%, and a no interest Fund Loan Agreement of \$1,991,830 to be repaid over a 20 year period. The proceeds of the loans are to finance land acquisitions.

In 2018 the Borough finalized one loan agreement with the State of New Jersey Department of Environmental Protection, pursuant to the 2018 New Jersey Environmental Infrastructure Trust Financing Program.

The loan consists of two agreements, a Trust Loan Agreement of \$3,330,000 to be repaid over a 20 year period at interest rates ranging from 3.00% to 5.00%, and a no interest Fund Loan Agreement of \$7,318,812 to be repaid over a 20 year period. The proceeds of the loans are to finance land acquisitions.

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<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 510,388	\$ 149,989	\$ 660,377
2020	515,388	143,989	659,377
2021	525,388	132,219	657,607
2022	525,388	133,069	658,457
2023	426,838	127,369	554,207
2024-2028	1,753,507	515,019	2,268,526
2029-2033	1,763,507	397,031	2,160,538
2034-2038	1,848,507	308,037	2,156,544
2039-2043	1,958,507	196,706	2,155,213
2044-2047	1,666,807	60,725	1,727,532
	<u>\$ 11,494,225</u>	<u>\$ 2,164,153</u>	<u>\$ 13,658,378</u>

E. Capital Leases Payable

In 2017, the Borough entered into a general capital lease purchase agreement in the amount of \$107,311 for the lease-purchase of various capital equipment. The lease obligation was issued at an interest rate of 3.00% and matures in 2022.

In 2016, the Borough entered into a general capital lease purchase agreement in the amount of \$101,428 for the lease-purchase of various capital equipment. The lease obligation was issued at an interest rates ranging from 2.00 % to 4.00 % and matures in 2021.

In 2015, the Borough entered into a general capital lease purchase agreement in the amount of \$97,413 for the lease-purchase of various capital equipment. The lease obligation was issued at an interest rates ranging from 1.50 % to 4.00 % and matures in 2020.

In 2014, the Borough entered into a general capital lease purchase agreement in the amount of \$101,635 for the lease-purchase of various capital equipment. The lease obligation was issued at an interest rates ranging from 1.50 % to 3.00 % and matures in 2019.

In 2013, the Borough entered into a general capital lease purchase agreement in the amount of \$95,196 for the lease-purchase of various capital equipment. The lease obligation was issued at an interest rates ranging from 2.00 % to 4.00 % and matured during 2018.

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<u>Year Ending December 31,</u>		
2019	\$	149,632
2020		127,607
2021		106,053
2022		83,465
2023		<u>60,033</u>
Total Minimum Lease Payments		526,790
Less: Amount Representing Interest		<u>(47,572)</u>
Present Value of Minimum Lease Payments	\$	<u><u>479,218</u></u>

Summary of Principal Debt

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

	Balance December 31, <u>2017</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2018</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 11,725,000	\$ -	\$ 695,000	\$ 11,030,000	\$ 520,000
Bond Anticipation Notes	36,550,000	37,700,000	36,550,000	37,700,000	37,700,000
Green Acres Loan Payable	792,911	-	54,253	738,658	54,760
Project Loans Payable	295,975	-	38,018	257,957	38,331
MCIA Loans Payable	1,306,149	-	248,522	1,057,627	254,868
Capital Lease Payable	311,894	267,399	100,075	479,218	131,696
NJEIT Loans Payable	11,224,970	632,409	363,154	11,494,225	510,388
	<u>\$ 62,206,899</u>	<u>\$ 38,599,808</u>	<u>\$ 38,049,022</u>	<u>\$ 62,757,685</u>	<u>\$ 39,210,043</u>

Note 15. Deferred Compensation Salary Account

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

**BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 16. Accrued Sick, Vacation and Compensation Time

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation, sick pay and compensation time. The Borough permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$1,824,428 at December 31, 2018.

The Borough has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2018, the Borough has reserved in the Other Trust Fund \$343,675 to fund compensated absences in accordance with NJSA 40A:4-39.

Note 17. Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Joint Insurance Pool

The Borough is a member of the Middlesex County Municipal Joint Insurance Fund (JIF). The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program, which has a contract for excess liability insurance for property.

New Jersey Unemployment Compensation Insurance

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

<u>Year</u>	<u>Contributions</u>	<u>Amount</u>	
		<u>Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 171,288	\$ 34,659	\$ 236,359
2017	70,610	37,369	99,730
2016	70,052	22,245	66,489

BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 18. Contingencies

Grantor Agencies

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2018 the Borough estimates that no material liabilities will result from such audits.

Litigation

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

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2018.

Note 19. Length of Service Awards Program

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

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

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The Borough elected to contribute between \$500 and \$600 for the year ended December 31, 2018 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2018, the Borough contributed a total of \$6,477 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

BOROUGH OF CARTERET
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

Payment of Benefits - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2018 payouts of \$27,491 were made to vested participants.

Forfeited Accounts – During the year ended December 31, 2018, no accounts were forfeited.

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

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SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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SCHEDULE OF CURRENT AND GRANT FUND CASH
TREASURER

	REF.	CURRENT FUND	GRANT FUND
Balance - December 31, 2017	A	\$ 9,418,358.96	\$ -
Increased by Receipts:			
Nonbudget Revenue	A-2	2,909,181.51	
Due from State of N.J. - Ch. 73 P.L. 1976	A-6	137,692.47	
Taxes Receivable	A-7	68,651,953.37	
Tax Title Liens	A-9	1,975.03	
Revenue Accounts Receivable	A-10	8,975,968.26	
Sewer Rents	A-11	5,413,351.69	
Cancellation of Prior Year Outstanding Checks	A-1	-	
Grants Receivable	A-15	1,061,183.84	
Prepaid Taxes	A-16	252,938.93	
Sewer Overpayments	A-17	85,789.44	
Tax Overpayments Collected	A-18	62,507.72	
Various Accounts Payables and Reserves	A-19	1,647,397.53	
		<u>89,199,939.79</u>	<u>-</u>
Decreased by Disbursements:			
Budget Appropriations	A-3	41,261,519.30	
Refund State Tax Appeals	A-1	655.05	
Appropriation Reserves	A-14	1,949,964.58	
Reserve for Grants-Interfund	A-15	1,073,638.37	
Sewer Overpayments	A-17	3,208.06	
Tax Overpayments	A-18	45,906.55	
Various Accounts Payables and Reserves	A-19	1,679,038.28	
Taxes Payable	A-20	40,754,544.49	
		<u>86,768,474.68</u>	<u>-</u>
Balance - December 31, 2018	A	<u>\$11,849,824.07</u>	<u>\$ -</u>

SCHEDULE OF CHANGE FUNDS - COLLECTOR
CURRENT FUND

REF.

Balance - December 31, 2017 and 2018	A	\$ <u>350.00</u>
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Exhibit - A-6

SCHEDULE OF DUE FROM STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS
PER CHAPTER 73, P.L. 1976

REF.

Balance - December 31, 2017	A	\$ 2,275.33
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Increased by:

Sr. Citizens' Deductions Per Tax Billings	A- 6	50,500.00
Sr. Citizens' Deductions Allowed by Tax Collector	A- 6	1,750.00
Veterans' Deductions Per Tax Billings	A- 6	97,750.00
Veterans' Deductions Allowed by Tax Collector	A- 7	750.00
Prior Year Deductions Allowed by Tax Collector	A- 7	<u>4,000.00</u>
		<u>154,750.00</u>

157,025.33

Decreased by:

Cash Receipts	A- 4	137,692.47
Sr. Cit. Deductions Disallowed by Tax		
Current Year	A- 6	608.92
Prior Year	A- 1	<u>20,309.59</u>
		<u>158,610.98</u>

Balance - December 31, 2018	A	\$ <u>(1,585.65)</u>
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Analysis of Realized Revenues - 2018:

Veterans' Deductions Per Tax Billings	A-6	\$ 97,750.00
Sr. Citizens' Deductions Per Tax Billings	A-6	50,500.00
Sr. Citizens'/Veterans' Deductions Allowed by Tax Collector	A-6	2,500.00
Less: Current Year Deductions Disallowed by Tax Collector	A-1, A-6	<u>(608.92)</u>

2018 Realized Revenues	A-7	<u>\$ 150,141.08</u>
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SCHEDULE OF TAXES RECEIVABLE
AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2017	ADDED TAXES	2018 LEVY	CASH COLLECTIONS 2017	CASH COLLECTIONS 2018	STATE SHARE OF SR. CIT. AND VET. DED. ALLOWED	REMITTED OR CANCELED	TRANSF. TO TAX TITLE AND LIEN	BALANCE DECEMBER 31, 2018
2017	\$ 528,452.69	-	\$ -	\$ -	\$ 529,390.75	\$ (16,309.59)	\$ 15,347.46	\$ 24.07	\$ -
Subtotal 2018	528,452.69	-	70,132,582.16	647,211.03	529,390.75 68,122,562.62	(16,309.59) 150,141.08	15,347.46 597,255.18	24.07 2,124.34	- 613,287.91
	\$ 528,452.69	\$ -	\$ 70,132,582.16	\$ 647,211.03	\$ 68,651,953.37	\$ 133,831.49	\$ 612,602.64	\$ 2,148.41	\$ 613,287.91
	<u>Ref.</u>	<u>Reserve</u>	<u>Reserve</u>	<u>A-2, A-16</u>	<u>A-2, A-4</u>	<u>A-2, A-6</u>	<u>Reserve</u>	<u>A-9</u>	<u>A</u>

Analysis of 2018 Property Tax Levy:

Tax Yield:

General Purpose Tax	\$ 66,137,796.54
Special District Taxes	2,717,203.00
Added Taxes per Ch. 397 et seq.	<u>1,277,582.62</u>
	<u>\$ 70,132,582.16</u>

Tax Levy:

Local Dist. School Tax (Levy)	\$ 28,180,625.00	<u>Ref.</u>
County Tax Incl. Open Space (Levy)	8,969,922.10	A-20
County Tax for Added Taxes (R.S. 54:4-63.1 et seq.)	147,127.08	A-20
Municipal Open Space Tax	739,667.31	A-20
Special District Taxes	2,717,203.00	A-20
Library Tax	761,518.98	A-2
Local Tax for Municipal Purposes (Abstract)	27,498,010.82	A-2
Add: Additional Tax Levy	<u>1,118,507.87</u>	A-7
	<u>\$ 70,132,582.16</u>	

STATEMENT OF PROPERTY ACQUIRED FOR TAXES
AT ASSESSED VALUATION
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2017 and 2018	A	<u>\$ 896,900.00</u>

SCHEDULE OF TAX TITLE LIENS
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2017	A	\$ 61,092.75
Increased by:		
Cost of Sale	Reserve	66.97
Transferred from Taxes Receivable	A-7	<u>2,148.41</u>
		63,308.13
Decreased by:		
Collections	A-4	<u>1,975.03</u>
Balance - December 31, 2018	A	<u>\$ 61,333.10</u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BEGINNING BALANCE</u>	<u>ACCRUED 2018</u>	<u>COLLECTED</u>	<u>ENDING BALANCE</u>
Licenses:					
Alcoholic Beverages	A-2	\$ -	\$ 36,777.50	\$ 36,777.50	\$ -
Other	A-2	-	19,007.38	18,682.28	325.10
Fees and Permits	A-2	-	1,189,050.32	1,189,050.32	-
Municipal Court - Fines and Costs	A-2	53,917.08	535,678.26	566,061.22	23,534.12
Interest and Costs on Taxes	A-2	-	242,395.99	242,395.99	-
Interest on Investments and Deposits	A-2	-	207,014.93	206,928.55	86.38
Payment in Lieu of Taxes	A-2	-	3,182,668.75	3,182,668.75	-
Energy Receipts Taxes	A-2	-	2,293,052.00	2,293,052.00	-
Consolidated Municipal Property Tax					
Relief Act	A-2	-	290,059.00	290,059.00	-
Uniform Construction Code Fees	A-2	27,725.00	545,925.00	573,650.00	-
Engineering Fees	A-2	-	19,375.00	19,375.00	-
Uniform Fire Safety Act	A-2	-	82,267.65	82,267.65	-
Carteret Hazmat Funding	A-2	-	275,000.00	275,000.00	-
Sewer Loans Receivable	A-1	49,041.24	11,357.46	5,928.22	54,470.48
		<u>\$ 130,683.32</u>	<u>\$ 8,929,629.24</u>	<u>\$ 8,981,896.48</u>	<u>\$ 78,416.08</u>
	<u>Ref.</u>	A	Reserve	A-2, A-4	A

SCHEDULE OF SEWER RENTS RECEIVABLE
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2017	A	\$ 318,736.24
Increased by:		
Sewer Billings	Reserve	<u>5,348,156.07</u>
		5,666,892.31
Decreased by:		
Transfer to Sewer Liens	A-12	
Collections - Rents	A-2,A-4	<u>5,413,351.69</u>
		<u>5,413,351.69</u>
Balance - December 31, 2018	A	<u><u>\$ 253,540.62</u></u>

SCHEDULE OF SEWER LIENS
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2017 and 2018	A	<u><u>\$ 6,300.91</u></u>

SCHEDULE OF DEMOLITION LIENS RECEIVABLE
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2017	A	\$ 9,000.00
Increased by:		
Transfer to Liens	Reserve	<u>609.50</u>
Balance - December 31, 2018	A	<u><u>9,609.50</u></u>

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE DEC. 31, 2018	RESERVE FOR ENCUMB. DEC. 31, 2018	AMOUNT AFTER MODIFICATION	PAID OR CHARGED	ACCOUNTS PAYABLE	BALANCE LAPSED
Operations Within "CAPS"						
Mayor and Council	\$ 13.73	\$ -	\$ 13.73	\$ -	\$ -	\$ 13.73
Salaries and Wages	391.39	1,725.00	2,116.39	1,958.94	-	157.45
Other Expenses	-	504.77	504.77	504.77	-	-
Municipal Clerk	1,301.72	1,703.36	3,005.08	2,106.96	-	898.12
Salaries and Wages	3,407.75	7,000.00	10,407.75	7,000.00	-	3,407.75
Other Expenses	841.79	5,787.00	6,628.79	6,628.79	-	-
Annual Audit	-	33,000.00	33,000.00	33,000.00	-	-
Other Expenses	-	2,502.87	2,502.87	2,502.87	-	-
Revenue Administration	964.45	3,464.96	4,429.41	4,385.29	-	44.12
Salaries and Wages	2,028.24	1,100.00	3,128.24	1,100.00	-	2,028.24
Other Expenses	2,056.56	9,424.49	11,481.05	11,424.49	-	56.56
Legal Services and Costs	3,277.25	3,500.00	6,777.25	3,500.00	-	3,277.25
Salaries and Wages	17,380.76	41,014.52	58,395.28	39,266.49	-	19,128.79
Other Expenses	2,457.56	6,500.00	8,957.56	6,500.00	-	2,457.56
Engineering Services and Costs	144.97	157,043.33	157,188.30	150,034.52	5,382.48	1,771.30
Salaries and Wages	5,750.03	1,000.00	6,750.03	-	-	6,750.03
Other Expenses	28.29	-	28.29	-	-	28.29
Economic Development Agency	5,190.55	250.00	5,440.55	250.00	-	5,190.55
Salaries and Wages	2,070.00	801.00	2,871.00	801.00	-	2,070.00
Other Expenses						
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Planning Board						
Salaries and Wages						
Other Expenses						

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE	RESERVE FOR	AMOUNT	PAID OR	ACCOUNTS	BALANCE
	<u>DEC. 31, 2018</u>	ENCUMB. <u>DEC. 31, 2018</u>	AFTER <u>MODIFICATION</u>			
Zoning Board of Adjustment						
Salaries and Wages	4,635.31	350.00	4,985.31	350.00	-	4,635.31
Other Expenses	1,315.00	-	1,315.00	-	-	1,315.00
Contribution to Jersey Arts Council	18,358.30	-	18,358.30	-	-	18,358.30
Contribution to Historical Society	2,388.65	-	2,388.65	1,501.97	-	886.68
Insurance-Liability	3,947.67	-	3,947.67	-	-	3,947.67
Insurance-Worker Compensation	98,060.43	-	98,060.43	-	69,197.31	28,863.12
Insurance-Employee Group	10,675.04	450,085.57	460,760.61	460,343.54	-	417.07
Police						
Salaries and Wages:						
School Crossing Guards	-	261,962.87	261,962.87	261,962.87	-	-
Other Expenses	-	13,547.56	13,547.56	10,189.64	-	3,357.92
Police Dispatch/911	52,145.53	67,105.06	119,250.59	109,079.71	-	10,170.88
Salaries and Wages	-	11,428.24	11,428.24	11,424.24	-	4.00
Emergency Management Services						
Salaries and Wages	-	1,347.05	1,347.05	294.50	-	1,052.55
Other Expenses	3,870.62	688.92	4,559.54	1,503.76	-	3,055.78
Emergency Medical Services						
Salaries and Wages	-	10,649.57	10,649.57	-	-	10,649.57
Other Expenses	-	8,416.68	8,416.68	8,416.68	-	-
Aid to Volunteer Fire Companies	16,432.62	13,521.29	29,953.91	29,217.85	-	736.06
Fire						
Salaries and Wages	-	82,979.18	82,979.18	49,159.67	33,800.00	19.51
Other Expenses	20,748.23	48,547.82	69,296.05	65,629.42	-	3,666.63
Carteret Hazmatt Association Agreement						
Other Expenses	50,910.14	20,564.91	71,475.05	61,236.61	5,702.50	4,535.94
Municipal Prosecutor						
Salaries and Wages	-	899.35	899.35	899.35	-	-
Road Repairs and Maintenance						
Salaries and Wages	-	6,152.55	6,152.55	6,152.55	-	-
Other Expenses	4,539.79	59,674.15	64,213.94	40,544.83	22,920.00	749.11
Street Cleaning						
Salaries and Wages	-	3,114.23	3,114.23	3,114.23	-	-
Other Expenses	916.00	584.00	1,500.00	-	-	1,500.00

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE <u>DEC. 31, 2018</u>	RESERVE FOR ENCUMB. <u>DEC. 31, 2018</u>	AMOUNT AFTER <u>MODIFICATION</u>	PAID OR <u>CHARGED</u>	ACCOUNTS <u>PAYABLE</u>	BALANCE <u>LAPSED</u>
Garbage and Trash Removal						
Other Expenses	18,293.59	85,272.15	103,565.74	102,804.43	-	761.31
Public Buildings and Grounds						
Salaries and Wages	1,794.77	7,000.00	8,794.77	8,175.82	-	618.95
Other Expenses	2,503.31	12,392.29	14,895.60	9,430.58	-	5,465.02
Municipal Garage						
Salaries and Wages	3,531.39	7,000.00	10,531.39	10,434.27	-	97.12
Other Expenses	3,110.01	48,267.94	51,377.95	49,122.24	-	2,255.71
Board of Health						
Other Expenses	2,510.73	29,864.31	32,375.04	1,116.00	-	31,259.04
Animal Control Services						
Other Expenses	12,083.38	7,249.98	19,333.36	7,249.98	-	12,083.38
Municipal Court						
Salaries and Wages	-	1,223.63	1,223.63	-	-	1,223.63
Other Expenses	296.08	4,689.44	4,985.52	2,494.44	-	2,491.08
Public Defender						
Salaries and Wages	940.58	250.00	1,190.58	250.00	-	940.58
Recreation Commission						
Other Expenses	8,421.40	2,200.00	10,621.40	2,832.86	-	7,788.54
Parks and Playgrounds						
Salaries and Wages	-	12,844.21	12,844.21	10,000.00	-	2,844.21
Other Expenses	2,570.39	17,712.27	20,282.66	12,583.36	-	7,699.30
Senior Citizens Transportation						
Salaries and Wages	3,774.16	2,500.00	6,274.16	2,004.75	-	4,269.41
Other Expenses	1,324.11	904.54	2,228.65	1,701.06	-	527.59
Office of the Handicapped						
Salaries and Wages	273.00	-	273.00	-	-	273.00
Other Expenses	1,931.43	-	1,931.43	-	-	1,931.43
Handicapped Recreation						
Salaries and Wages	5,862.01	-	5,862.01	-	-	5,862.01
Other Expenses	8,534.26	1,427.03	9,961.29	8,534.26	-	1,427.03
Electricity	549.99	42,347.50	42,897.49	42,149.99	-	747.50
Street Lighting	425.56	20,000.00	20,425.56	20,425.56	-	-
Telephone	22,798.33	16,170.65	38,968.98	26,182.43	-	12,786.55

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE DEC. 31, 2018	RESERVE FOR ENCUMB. DEC. 31, 2018	AMOUNT AFTER MODIFICATION	PAID OR CHARGED	ACCOUNTS PAYABLE	BALANCE LAPSED
Water	872.97	10,000.00	10,872.97	9,566.85	-	1,306.12
Gas-Natural	4,381.75	7,578.70	11,960.45	10,266.75	-	1,693.70
Gasoline	6,814.76	27,103.48	33,918.24	29,166.77	-	4,751.47
Telecommunications Costs-S&W	4,005.41	1,600.00	5,605.41	1,600.00	-	4,005.41
Telecommunications Costs-OE	17,672.06	14,867.57	32,539.63	21,410.01	-	11,129.62
Postage	2,653.87	10,000.00	12,653.87	10,429.66	-	2,224.21
Sewerage Treatment Plant						
Salaries and Wages	4,969.29	7,000.00	11,969.29	11,622.77	-	346.52
Other Expenses	4,863.17	16,218.86	21,082.03	12,292.36	-	8,789.67
Building Inspector						
Salaries and Wages	4,845.31	5,000.00	9,845.31	5,000.00	-	4,845.31
Other Expenses	5,787.17	4,360.17	10,147.34	7,931.62	-	2,215.72
Older Americans Act						
Salaries and Wages	4,335.50	2,500.00	6,835.50	2,500.00	-	4,335.50
Other Expenses	956.65		956.65	-	-	956.65
Celebration of Public Events						
Other Expenses	8,878.92	9,718.83	18,597.75	7,088.37	-	11,509.38
Total Operations Within "CAPS"	508,813.68	1,773,203.85	2,282,017.53	1,838,352.73	137,002.29	306,662.51
Contingent	4.94	2,232.44	2,237.38	1,573.08	-	664.30
Total Operations Including Contingent Within "CAPS"	508,818.62	1,775,436.29	2,284,254.91	1,839,925.81	137,002.29	307,326.81

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE DEC. 31, 2018	RESERVE FOR ENCUMB. DEC. 31, 2018	AMOUNT AFTER MODIFICATION	PAID OR CHARGED	ACCOUNTS PAYABLE	BALANCE LAPSED
Statutory Expenditures						
Consolidated Police & Fireman's Fund	34.24	-	34.24	-	-	34.24
Total General Appropriations for Municipal Purposes Within "CAPS"	508,852.86	1,775,436.29	2,284,289.15	1,839,925.81	137,002.29	307,361.05
<u>Operations Excluded from "CAPS"</u>						
Length of Service-LOSAP-Fire	30,000.00	-	30,000.00	3,278.04	-	26,721.96
Maintenance of Free Public Library (Ch. 82 & 54, P.L. 1985)	40,658.00	63,549.02	104,207.02	102,451.29	1,740.00	15.73
Middlesex County Utilities Authority Sewage Treatment - Contractual	8,550.99	-	8,550.99	-	-	8,550.99
Total Operations - Excluded from "CAPS"	79,208.99	63,549.02	142,758.01	105,729.33	1,740.00	35,288.68
Capital Improvements - Excluded from "CAPS" Purchase of Trees	-	4,875.00	4,875.00	4,309.44	-	565.56
Total General Appropriations	\$ 588,061.85	\$ 1,843,860.31	\$ 2,431,922.16	\$ 1,949,964.58	\$ 138,742.29	\$ 343,215.29
	Ref. A	A		A-15	A-1	
Cash Disbursements				\$ 1,949,964.58		\$
Accounts Payable				138,742.29		\$
				\$ 2,088,706.87		\$

SCHEDULE OF INTERFUNDS
CURRENT FUND

	BALANCE DEC 31, 2017	INCREASES	DECREASES	BALANCE DEC 31, 2018
Due Federal & State Grant Fund	\$ -	\$ 1,542,923.53	\$ 1,542,923.53	\$ -
Totals	\$ -	\$ 1,542,923.53	\$ 1,542,923.53	\$ -
<u>Ref.</u>	A			A
Grants Receivable Cancelled		\$ 38,718.61	\$ -	
Grants Appropriated Cancelled		-	32,864.08	
Budgeted Revenues		-	436,421.08	
Budgeted Appropriations		443,021.08	-	
Cash Receipts-Grants Receivable		1,011,580.29	-	
Cash Receipts-Unappropriated Reserves		38,709.03	-	
Due from Capital Fund		10,894.52	-	
Cash Disbursements		-	1,073,638.37	
		\$ 1,542,923.53	\$ 1,542,923.53	

SCHEDULE OF PREPAID TAXES
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2017	A	\$ 647,211.03
Increased by:		
Collection of Prepaid Taxes	A-4	<u>252,938.93</u>
		900,149.96
Decreased by:		
Applied to 2018 Taxes Receivable	A-7	<u>647,211.03</u>
Balance - December 31, 2018	A	<u><u>\$ 252,938.93</u></u>

SCHEDULE OF SEWER OVERPAYMENTS

	<u>REF.</u>	
Balance - December 31, 2017	A	\$ 16,679.17
Increased by:		
Cash Receipts	A-4	<u>85,789.44</u>
		102,468.61
Decreased by:		
Applied to 2018 Sewer Receivable	A-11	
Cash Disbursements	A-4	<u>3,208.06</u>
Cash Disbursements	A-4	<u>3,208.06</u>
Balance - December 31, 2018	A	<u><u>\$ 99,260.55</u></u>

SCHEDULE OF TAX OVERPAYMENTS
CURRENT FUND

	<u>REF.</u>		
Balance - December 31, 2017	A		\$ 110,254.45
Increased by:			
Collections	A- 4		<u>62,507.72</u>
			172,762.17
Decreased by:			
Cancelled	A- 1		
Payments	A- 4	<u>45,906.55</u>	
			<u>45,906.55</u>
Balance - December 31, 2018	A		\$ <u><u>126,855.62</u></u>

CURRENT FUND
SCHEDULE OF CHANGES IN VARIOUS ACCOUNTS PAYABLES & RESERVES

	12/31/2017	Cash Receipts	Cash Disbursements	Adjustments	12/31/2018
Accounts Payable:					
Accounts Payable	\$ 308,008.65	-	\$ 43,202.20	\$ 52,687.69	\$ 317,494.14
Deposits - Third Party Lien Redemption	-	612,112.10	598,971.34	-	13,140.76
Subtotal	<u>308,008.65</u>	<u>612,112.10</u>	<u>642,173.54</u>	<u>52,687.69</u>	<u>330,634.90</u>
Reserve for:					
Library	21,107.53	4,999.00	10,979.13	-	15,127.40
Kaplan PILOT	-	1,030,286.43	1,025,885.61	-	4,400.82
Subtotal	<u>21,107.53</u>	<u>1,035,285.43</u>	<u>1,036,864.74</u>	<u>-</u>	<u>19,528.22</u>
Total	<u>\$ 329,116.18</u>	<u>\$ 1,647,397.53</u>	<u>\$ 1,679,038.28</u>	<u>\$ 52,687.69</u>	<u>\$ 350,163.12</u>
	Ref. A	A-4	A-4		A
2017 Appropriation Reserves				\$ 138,742.29	
Accounts Payable Canceled				<u>86,054.60</u>	
				<u>\$ 52,687.69</u>	

SCHEDULE OF TAXES PAYABLE

	12/31/2017	Taxes Levied	Cash Disbursements	12/31/2018
County - General.....	\$ -	\$ 8,292,318.88	\$ (8,292,318.88)	\$ -
County - Open Space.....	-	677,603.22	(677,603.22)	-
County - Added & Omitted.....	-	147,127.08	(147,127.08)	-
Local School District Taxes.....	-	28,180,625.00	(28,180,625.00)	-
Local - Open Space.....	-	739,667.31	(739,667.31)	-
Special District Taxes.....	-	2,717,203.00	(2,717,203.00)	-
Total.....	\$ -	\$ 40,754,544.49	\$ (40,754,544.49)	\$ -
<u>Ref.</u>	A	A-1, A-2, A-7	A-4	A

SCHEDULES OF GRANT FUND INTERFUNDS
 SCHEDULE OF DUE TO/FROM CURRENT FUND
GRANT FUND

	<u>REF.</u>		
Balance - December 31, 2017 (Due from)	A		\$ -
Increased by:			
Cash Receipts - Grants Receivable	A-23	1,011,580.29	
Cash Receipts-Unappropriated	A-25	38,709.03	
Grants Appropriated - CY 2018	A-24	443,021.08	
Due to Capital Fund	A-22	10,894.52	
Cancellation of Reserve for Federal and State Grants Receivable	A-22	<u>38,718.61</u>	
			<u>1,542,923.53</u>
			1,542,923.53
Decreased by:			
Cash Disbursements	A-24	562,121.94	
Grant Revenue Realized - CY 2018	A-23	436,421.08	
Due to Capital Fund - Prior Year	A, A-22	511,516.43	
Cancellation of Reserve for Federal and State Grants Appropriated	A-23	<u>32,864.08</u>	
			<u>1,542,923.53</u>
Balance - December 31, 2018	A		<u><u>\$ -</u></u>

SCHEDULE OF DUE TO/FROM CAPITAL FUND
GRANT FUND

	<u>REF.</u>		
Balance - December 31, 2017 (Due to)	A		\$ 511,516.43
Increased by:			
Cash Receipts	A-21	<u>10,894.52</u>	
			<u>10,894.52</u>
			522,410.95
Decreased by:			
Due to Capital Fund	A	<u>511,516.43</u>	
			511,516.43
Balance - December 31, 2018 (Due to)	A		<u><u>\$ 10,894.52</u></u>

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
GRANT FUND

<u>GRANTS</u>	BALANCE	2018	COLLECTED		TRANS. FROM	BALANCE
	DEC. 31, <u>2017</u>	BUDGET REVENUE <u>REALIZED</u>	<u>2018</u>	<u>2018</u>	STATE & FED. GRANTS <u>UNAPPROP.</u>	DEC. 31, <u>2018</u>
Body Armor Grant	\$ -	\$ 1,750.00	\$ 1,750.00	\$ -	\$ -	\$ -
Clean Communities Program	-	36,338.83	36,338.83	-	-	-
Click It Ticket	-	5,500.00	-	5,500.00	-	-
County Historic Grant	-	600.00	600.00	-	-	-
County Arts Grant	-	1,600.00	1,600.00	-	-	-
County History Grant	-	1,700.00	80.00	-	-	1,620.00
Federal FEMA Firehouse Grant	142,080.00	-	142,080.00	-	-	-
Municipal Alliance	14,891.53	20,000.00	17,500.00	-	-	17,391.53
Municipal Court-DWI	-	1,994.54	-	1,994.54	-	-
NJ Environment Bike Path	20,000.00	-	-	-	20,000.00	-
Municipal Recycling Assistance	-	12,260.00	-	12,260.00	-	-
NJ Transportation Trust Fund	905,465.49	-	770,116.13	-	18,718.61	116,630.75
NJ Transportation Trust Fund-Arts District	-	288,019.00	-	-	-	288,019.00
Port Authority Security Grant	40,000.00	-	-	-	-	40,000.00
Older American Act	-	24,050.00	-	24,050.00	-	-
Recycling Tonnage Grant	-	27,813.49	27,813.49	-	-	-
Summer Food	3,221.26	14,795.22	13,701.84	-	-	4,314.64
TEA- 21 NJDOT	1,068,817.12	-	-	-	-	1,068,817.12
	<u>\$ 2,194,475.40</u>	<u>\$ 436,421.08</u>	<u>\$ 1,011,580.29</u>	<u>\$ 43,804.54</u>	<u>\$ 38,718.61</u>	<u>\$ 1,536,793.04</u>

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SCHEDULE OF STATE AND FEDERAL GRANTS APPROPRIATED
GRANT FUND

	BALANCE DEC. 31 2017	TRANSF. FROM 2018 BUDGET	RESERVE FOR ENCUMB. 2017	PAID OR CHARGED	RESERVE FOR ENCUMB. 2018	CANCELLED	BALANCE DEC. 31 2018
Body Armor Replacement Program	\$ 5,744.14	\$ 1,750.00	\$ -	\$ 2,699.97	\$ -	\$ -	\$ 4,794.17
Clean Communities Act	974.12	36,338.83	420.00	36,338.83	-	-	1,394.12
Click It or Ticket It	-	5,500.00	-	5,500.00	-	-	-
County Historic Grant	-	600.00	-	600.00	-	-	-
County Arts Grant	-	1,600.00	-	1,600.00	-	-	-
County History Grant	-	1,700.00	-	1,600.00	-	-	100.00
Federal Coastal Zone Management	9,949.50	1,600.00	-	-	-	-	11,549.50
FEMA Firefighters Grant	4,590.00	-	-	-	-	-	4,590.00
FEMA Firehouse Grant	34,256.65	-	-	-	-	-	34,256.65
Local Law Enforcement Grant - State	2,879.23	-	-	2,879.23	-	-	-
Multi-Jurisdictional Task Force	1,411.43	-	-	1,411.43	-	-	-
Municipal Alliance	20,624.92	25,000.00	-	27,124.92	-	-	18,500.00
Municipal Court Alcohol	7,812.45	1,994.54	-	1,443.41	-	-	8,363.58
Municipal Recycling Assistance	-	12,260.00	-	12,260.00	-	-	-
NJ Transportation Trust Fund	6.75	-	411,861.14	366,485.30	32,518.51	12,864.08	-
NJ Transportation Trust Fund-Arts District	-	288,019.00	-	-	-	-	288,019.00
Older Americans Act	20,821.76	24,050.00	850.00	33,495.45	8,165.00	-	4,061.31
NJ Environmental Bike Path	20,000.00	-	-	-	-	20,000.00	-
Port Authority Security Grant	33,441.25	-	-	-	-	-	33,441.25
Recycling Tonnage Grant	2,254.11	27,813.49	33,049.00	59,947.86	-	-	3,168.74
Smart Growth Grant	-	-	3,000.00	-	3,000.00	-	-
Summer Food	604.79	14,795.22	-	8,735.54	6,664.47	-	-
TEA-21 NJDOT	1,024,603.19	-	-	-	-	-	1,024,603.19
	<u>\$ 1,189,974.29</u>	<u>\$ 443,021.08</u>	<u>\$ 449,180.14</u>	<u>\$ 562,121.94</u>	<u>\$ 50,347.98</u>	<u>\$ 32,864.08</u>	<u>\$ 1,436,841.51</u>

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SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS
UNAPPROPRIATED

	BALANCE DEC. 31 2017	GRANTS RECEIVED 2018	APPROP. IN 2018 BUDGET	BALANCE DEC 31 2018
Body Armor	\$ -	\$ 1,744.03	\$ -	\$ 1,744.03
Click-It Ticket It	5,500.00	-	5,500.00	-
Highway Safety Grant	-	12,100.00	-	12,100.00
Moter Vehicle Inspection	-	3,900.00	-	3,900.00
Municipal Court-DWI	1,994.54	-	1,994.54	-
Municipal Recycling Assistance	12,260.00	-	12,260.00	-
Older American Act	24,050.00	20,965.00	24,050.00	20,965.00
	<u>\$ 43,804.54</u>	<u>\$ 38,709.03</u>	<u>\$ 43,804.54</u>	<u>\$ 38,709.03</u>

Ref. A A-21 A-23 A

TRUST FUND

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TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance 12/31/2017	Cash..... Receipts	Disbursements	Encumbrances 12/31/2017	Encumbrances 12/31/2018	Balance 12/31/2018
Animal Control:						
Animal Control Reserves.....	\$ 13,082.89	\$ 4,309.85	\$ (2,424.16)	\$ -	\$ -	\$ 14,968.58
Total	\$ 13,082.89	\$ 4,309.85	\$ (2,424.16)	\$ -	\$ -	\$ 14,968.58
Other Trust Funds:						
Reserve for Encumbrances.....	\$ 108,528.25	\$ -	\$ -	\$ (108,528.25)	\$ 20,825.89	\$ 20,825.89
Payroll Trust.....	621,346.73	20,363,855.34	(20,607,996.93)	-	-	377,205.14
Reserve for Unemployment Insurance.....	99,730.26	171,287.93	(34,658.82)	-	-	236,359.37
Reserve for Builders' Escrow.....	1,386,618.93	353,205.56	(624,357.87)	-	-	1,115,466.62
Street Opening Deposits.....	38,956.18	5,300.00	(600.00)	-	-	43,656.18
Other Escrows and Miscellaneous Reserves:						
Building Inspection.....	16,068.00	29,870.00	(39,367.00)	-	-	6,571.00
"COAH" Non-Res Development Fee	28,553.82	-	-	-	-	28,553.82
Parking Offense Adjudication Act.....	5,118.14	278.00	-	-	-	5,396.14
Off Duty Police.....	33,418.62	742,348.89	(721,632.89)	917.88	(917.88)	54,134.62
Snow Removal Costs.....	30,394.86	91,830.85	(105,111.53)	67,160.83	(8,868.78)	75,406.23
Police Forfeited Funds.....	14,635.64	11,386.55	(2,246.93)	-	(4,509.83)	19,265.43
Premium on Tax Sale.....	819,389.48	547,000.00	(668,289.48)	3,300.00	-	701,400.00
Recreation Commission.....	1,362.01	16,278.64	(19,505.35)	7,541.00	(5,676.30)	-
Recycling Trust.....	11,133.97	18,300.99	(28,940.41)	2,711.32	(853.10)	2,352.77
Public Defender.....	4,729.35	11,508.50	(13,765.00)	-	-	2,472.85
Unclaimed Property.....	4,984.08	-	-	-	-	4,984.08
Uniform Fire Safety Code.....	57,697.02	2,670.00	(350.00)	-	-	60,017.02
Developer Offsite Improvements.....	-	-	(26,897.22)	26,897.22	-	-
Accrued Sick & Vacation.....	347,634.65	-	(3,960.00)	-	-	343,674.65
Office on Aging.....	11.00	-	-	-	-	11.00
Total	\$ 3,630,310.99	\$ 22,365,121.25	\$ (22,897,679.43)	\$ -	\$ -	\$ 3,097,752.81
Community Development Block Grant:						
Due to Capital Fund	\$ 10,000.00	\$ -	\$ (10,000.00)	\$ -	\$ -	\$ -
Reserve for Rehabilitation Loans.....	11,733.00	10,000.00	(12,744.11)	-	-	8,988.89
Year 2017/2018 Reserves						
Wellness Center Float Loan	6,376.00	-	-	-	-	6,376.00
Housing/Commercial Bldg Rehabilitation.....	31,489.97	-	(22,789.97)	-	-	8,700.00
ADA Rehabilitation	23,239.43	-	(23,239.43)	-	-	-
Total	\$ 82,838.40	\$ 10,000.00	\$ (68,773.51)	\$ -	\$ -	\$ 24,064.89
Reserve for Open Space Tax Levy:						
Reserve for Encumbrances.....	\$ 980,935.32	\$ -	\$ -	\$ (15,726.53)	\$ -	\$ 965,208.79
Reserve for Open Space.....	18,152.39	2,147,489.05	(2,160,243.75)	15,726.53	-	21,124.22
Total	\$ 999,087.71	\$ 2,147,489.05	\$ (2,160,243.75)	\$ -	\$ -	\$ 986,333.01
Reserve for LOSAP Funds (Unaudited):						
LOSAP Reserves (Trustee).....	\$ 243,370.52	\$ 6,476.72	\$ (34,876.40)	\$ -	\$ -	\$ 214,970.84
Total	\$ 243,370.52	\$ 6,476.72	\$ (34,876.40)	\$ -	\$ -	\$ 214,970.84
Grand Total	\$ 4,968,690.51	\$ 24,533,396.87	\$ 25,163,997.25	\$ -	\$ -	\$ 4,338,090.13

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GENERAL CAPITAL FUND

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SCHEDULE OF GENERAL CAPITAL CASH - TREASURER
GENERAL CAPITAL FUND

	<u>REF.</u>		
Balance - December 31, 2017	C		\$ 8,957,177.26
Increased by:			
Bond Anticipation Note Premium	C-1	\$ 233,074.50	
Due from Grant Fund	C-3	511,516.43	
Due to CDBG Fund	C-3	10,000.00	
Grants, Loans and Other Receivables	C-4	8,182,204.61	
Deferred Charges - Unfunded	C-6	5,841,932.53	
Bond Anticipation Notes	C-7	37,700,000.00	
Budget Appropriations:			
Capital Improvement Fund	C-13	1,800,000.00	
Various Reserves	C-12	<u>948,170.70</u>	
			<u>55,226,898.77</u>
			64,184,076.03
Decreased by:			
Due to Grant Fund	C-3	10,894.52	
Bond Anticipation Notes	C-7	36,550,000.00	
Improvement Authorizations	C-8	22,614,221.53	
Payment of Various Reserves	C-12	<u>180,443.21</u>	
			<u>59,355,559.26</u>
Balance - December 31, 2018	C		<u><u>\$ 4,828,516.77</u></u>

ANALYSIS OF GENERAL CAPITAL CASH

	BALANCE DECEMBER 31, <u>2018</u>	BALANCE DECEMBER 31, <u>2017</u>
Fund Balance	\$ 123,527.23	\$ 130,495.00
Reserve for Encumbrances	8,170,973.52	17,273,121.48
Grants Receivable	(27,945,923.70)	(28,498,364.31)
Capital Improvement Fund	50,803.75	86,803.75
Due From Grant Fund	(10,894.52)	(521,516.43)
Reserve for:		
NJEIT Receivable	3,961,772.00	7,406,321.00
Sewer Improvements	-	-
Developer Contributions	745,337.52	1,655,271.31
MCIA-Police Computer-CAD System	1,470.00	1,470.00
MCIA-Street Sweeper/SUV Truck	275,000.00	6,135.11
MCIA-Salt Shed/Building Improv/Camera	629,252.88	728,560.98
Reserve for Litigation-Insurance Auto	109,406.00	-
Reserve for Litigation-US Metals	56,259.98	67,372.28
Reserve for Noe St-Praxair	-	400,000.00
Regional Contribution Agreements	95,807.50	170,807.50
Interest Income	414.48	414.48
Excess BAN Proceeds	2,089.11	945,299.58

Ord. No. Improvement Authorizations

04-25	Special Improvement District	-	(140,594.00)
05-06	State Green Acres - Waterfront II	(470,000.00)	(470,000.00)
05-35	State Green Acres-Acq of Land	-	2,998.00
09-06	Roosevelt Avenue Pump/Tnkp Sewer	-	1,448,747.70
10-11	Various Capital Improvements	-	450.00
11-09	Various Capital Improvements	25,422.51	34,632.76
11-28	Special Improvement District	69,269.59	5,171.99
12-02	Carteret Park Improvements	0.07	5,615.00
12-06	Marina Project	4,973.99	173.99
12-07	Marina Project	-	0.00
12-08	Various Capital Improvements	-	0.00
13-05	Various Capital Improvements	-	71.00
13-13	Various Capital Improvements/Land Acq	-	0.00
14-1	Various Capital Improvements	-	1,765.02
14-4	Fire Truck/ Firehouse Improvements	72,090.59	71,592.76
14-8	Various Capital Improvements	-	0.00
14-14	Acquisition / Construct Ritz Theater	2,118.30	149.50
14-15	Various Capital Improvements	18,339.61	62,842.11
15-01	Various Sewer/Stormwater-NJEIT	17,427.22	(2,888,893.78)
15-09	Various Capital Improvements	128.32	1,122.20
15-16	Various Capital Improvements	196,000.00	5,196,000.00
15-20	Various Capital Improvements	3,621,175.46	3,621,175.46
16-01	Waterfront Improvements-NJDEP/NJEDA	-	0.00
16-02	Waterfront Improv-Soil Safe	1,200,712.48	480,878.69
16-03	Green Acres-Noe Street Acquisitions	(927,685.77)	(927,685.77)
16-07	Various Capital Improvements	-	0.00
16-11	Waterfront Improvements-NJDEP/NJEDA	360,840.39	439,138.65
16-20	Green Acres-Marina	(565,150.00)	(565,150.00)
16-26	Various Capital Improvements	246.84	0.00
16-28	Developer Contribution-200 Middlesex	2,557,750.00	2,592,750.00
17-05	Various Capital Improvements	291.21	21,723.72
17-06	Waterfront Improvements-Property Sale	4,500,000.00	4,500,000.00
17-09	Acquisition of Vehicles-MCIA	91,599.80	91,599.80
17-11	Waterfront Marina Project-ONRR	543,185.00	(920,000.00)
17-13	Various Sewer and Stormwater-NJEIT	(1,461,772.00)	(2,000,000.00)
17-16	Various Capital Improvements-US Metals	3,206.07	599,321.13
17-19	Various Sewer and Stormwater-NJEIT	(2,181,809.34)	(2,160,610.40)
18-01	Various Capital Improvements	127,815.29	
18-02	CARA-Property Sale	3,000,000.00	
18-03	2018 Municipal Road Program	2,867.25	
18-11	NJDEP-Passaic Valley Litigation Settlement	6,655,790.00	
18-12	NJDOT-Pershing Avenue	30,432.58	
18-13	Various Capital Improvements	67,955.56	
18-15	County Noe Street Park		
18-17	Arts Center-NJ Legislative Grant	1,000,000.00	

	<u>\$ 4,828,516.77</u>	<u>\$ 8,957,177.26</u>
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Ref.

C

C

SCHEDULE OF DUE TO/FROM GRANT FUND
GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2017 Due from	C	\$ 511,516.43
Increased by:		
Cash Disbursement	C-2	<u>10,894.52</u>
		522,410.95
Decreased by:		
Cash Receipts	C-2	<u>(511,516.43)</u>
Balance - December 31, 2018	C	<u>\$ 10,894.52</u>

Exhibit - C- 3a

SCHEDULE OF DUE TO/FROM COMMUNITY DEVELOPMENT FUND
GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2017 Due from	C	\$ 10,000.00
Increased by:		
Cash Disbursement	C-2	<u>10,000.00</u>
		10,000.00
Decreased by:		
Cash Receipts	C-2	<u>(10,000.00)</u>
Balance - December 31, 2018	C	<u>\$ -</u>

SCHEDULE OF VARIOUS GRANTS, LOANS AND OTHER RECEIVABLES

	Ordinance Number	Balance December 31, 2017	Increases	Decreases	Balance December 31, 2018
Receivables:					
State of NJ Green Acres:					
Waterfront	05-06	\$ 1,470,321.00	\$ -	\$ -	\$ 1,470,321.00
NJ Environmental Trust Fund	09-06	1,351,727.00	-	1,351,727.00	-
County Open Space:					
Ritz Theater	15-16	4,000,000.00	-	2,000,000.00	2,000,000.00
Land Sale-Waterfront	17-06	4,500,000.00	-	-	4,500,000.00
Noe Street Park	18-15	-	750,000.00	-	750,000.00
Borough of Carteret					
Soldiers and Sailors Fund	11-16	40,000.00	-	20,000.00	20,000.00
Land Sale	11-16	(25,000.00)	-	-	(25,000.00)
Developer Contribution-Meridia Cosmopolit:	15-20	4,546,900.00	-	100,000.00	4,446,900.00
Hazmatt Association-Firetruck	14-04	238,000.00	-	-	238,000.00
Sale of Fire Truck	14-04	250,000.00	-	-	250,000.00
Special Improvement District	14-04	145,000.00	-	-	145,000.00
KTR Guarantee Fee	14-15	1,350,000.00	-	150,000.00	1,200,000.00
NJDEP-Passaic Valley Litigation Settlement	18-11	-	6,676,040.00	-	6,676,040.00
NJDOT-Pershing Avenue	18-12	-	1,000,000.00	705,370.82	294,629.18
Special Leg Grant - Art Theatre	18-17	-	1,000,000.00	1,000,000.00	-
Subtotal		<u>17,866,948.00</u>	<u>9,426,040.00</u>	<u>5,327,097.82</u>	<u>21,965,890.18</u>
Receivables Offset by Reserves:					
State of NJ Green Acres:					
Grants:					
Green Acres-Noe Street	16-03	781,875.00	-	-	781,875.00
Green Acres-Marina	16-20	565,150.00	-	-	565,150.00
Loans:					
Green Acres-Noe Street	16-03	260,625.00	-	-	260,625.00
Green Acres Loan #068		35,974.00	-	-	35,974.00
NJ Environmental Infrastructure Trust Fund	15-01/17-13&19	7,406,321.00	-	3,444,549.00	3,961,772.00
Developer Contribution-Soil Safe	16-02	1,459,121.31	-	719,833.79	739,287.52
NJ Economic Development Association	16-11	2,654,700.42	-	1,156,789.53	1,497,910.89
NJDEP-Passaic Valley Litigation Settlement	17-11	6,588,055.00	-	-	6,588,055.00
US Metals Litigation Settlement	17-16	3,000,000.00	-	3,187,000.00	(187,000.00)
CARA-Property Sale	18-02	-	3,000,000.00	300,000.00	2,700,000.00
Subtotal		<u>22,751,821.73</u>	<u>3,000,000.00</u>	<u>8,808,172.32</u>	<u>16,943,649.41</u>
		<u>\$ 40,618,769.73</u>	<u>\$ 12,426,040.00</u>	<u>\$ 14,135,270.14</u>	<u>\$ 38,909,539.59</u>
	<u>Ref.</u>	<u>C</u>			<u>C</u>
Cash Transactions	C-2	\$ -	\$ 8,182,204.61		
Cancelled Improvement Authorization - Funded	C-8	-	1,351,727.00		
Improvement Authorizations	C-8		12,426,040.00		
Various Reserves	C-12		-	4,601,338.53	
			<u>\$ 12,426,040.00</u>	<u>\$ 14,135,270.14</u>	

SCHEDULE OF DEFERRED CHARGES - FUNDED

	Ref.	Total	Serial Bonds	Green Acres Loan	Building Demo Loan	State/Lake & Stream Restoration Carteret Pond Loan	NJEIT Trust Loan	MCIA Trust Loan	MCIA Lease Obligations
Balance - December 31, 2017	C	\$ 25,656,899.09	\$ 11,725,000.00	\$ 792,911.01	\$ 135,000.00	\$ 160,974.98	\$ 11,224,970.37	\$ 1,306,148.65	\$ 311,894.08
Bonds/Loans Issued	C-9, C-11, C-14	899,807.66 26,556,706.75	11,725,000.00	792,911.01	135,000.00	160,974.98	632,409.00 11,857,379.37	1,306,148.65	267,398.66 579,292.74
Decreased by:									
Serial Bonds/Loans Paid From Budget Appropriation	C-9, C-10	1,499,022.32	695,000.00	54,252.35	22,500.00	15,518.66	363,154.11	248,522.25	100,074.95
Balance - December 31, 2018	C	\$ 25,057,684.43	\$ 11,030,000.00	\$ 738,658.66	\$ 112,500.00	\$ 145,456.32	\$ 11,494,225.26	\$ 1,057,626.40	\$ 479,217.79

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

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	2018 AUTHORIZATIONS	DECREASE	BALANCE DECEMBER 31, 2018	BOND ANTICIPATION NOTES	Excess Funding	ANALYSIS OF BALANCE DEC. 31, 2018	
								EXPENDED	UNEXPENDED BALANCE OF IMPROV. AUTH.
	<u>General Improvements</u>								
04-25	Special Improvement District	\$ 140,594.00	\$ -	\$ (140,594.00)	\$ -	\$ -	\$ -	\$ -	\$ -
05-06	State Green Acres - Waterfront II Proj.#022	470,000.00	-	-	470,000.00	-	-	470,000.00	-
09-06	Sewer Infrastructure	92,500.00	-	(92,500.00)	-	-	-	-	-
11-28	Special Improvement District	11,250,000.00	-	(500,000.00)	10,750,000.00	10,750,000.00	-	-	-
12-06	Marina Project-RWJ	1,900,000.00	-	-	1,900,000.00	1,900,000.00	-	-	-
12-07	Marina Project-Open Space	4,900,000.00	-	(100,000.00)	4,800,000.00	4,800,000.00	-	-	-
14-01	Various Capital Improvements	9,900,000.00	-	(500,000.00)	9,400,000.00	9,400,000.00	-	-	-
15-01	Various Sewer and Stormwater-NJEIT	2,906,321.00	-	(2,906,321.00)	-	-	-	-	-
16-01	Waterfront Development Project-NJEDA	-	-	-	-	-	-	-	-
16-02	Waterfront Development Project -Soil Safe	1,459,121.31	-	(719,833.79)	739,287.52	-	-	-	739,287.52
16-03	State Green Acres-Noe Street Project	1,042,500.00	-	-	1,042,500.00	-	-	927,683.77	114,814.23
16-11	Waterfront Development Project-NJEDA	2,654,700.42	-	(1,156,789.53)	1,497,910.89	1,500,000.00	2,089.11	-	-
16-20	State Green Acres - Municipal Marina	565,150.00	-	-	565,150.00	-	-	565,150.00	-
17-11	Waterfront Marina-Passaic Valley-NJDEP	6,588,055.00	-	-	6,588,055.00	6,500,000.00	-	-	88,055.00
17-13	Various Sewer and Stormwater-NJEIT	2,000,000.00	-	(538,228.00)	1,461,772.00	-	-	1,461,772.00	-
17-19	Various Sewer and Stormwater-NJEIT	2,500,000.00	-	-	2,500,000.00	-	-	2,181,809.34	318,190.66
18-03	2018 Municipal Road Program	-	2,850,000.00	-	2,850,000.00	2,850,000.00	-	-	-
		\$ 48,368,941.73	\$ 2,850,000.00	\$ (6,654,266.32)	\$ 44,564,675.41	\$ 37,700,000.00	\$ 2,089.11	\$ 5,606,417.11	\$ 1,260,347.41
		C	C-8		C				

Ref.

Cash Receipts
Cancellation
Various Reserves

\$ 5,841,932.53
92,500.00
719,833.79
\$ 6,654,266.32

SCHEDULE OF BOND ANTICIPATION NOTES

ORD. NO.	IMPROVEMENT DESCRIPTION	ORIGINAL DATE OF ISSUE	RATE OF INTEREST	DATE OF ISSUE	DATE OF MATURITY	BALANCE DECEMBER 31, 2017		BALANCE DECEMBER 31, 2018	
						INCREASED	DECREASED	INCREASED	DECREASED
14-01	Various Capital Improvements	04/25/14	2.75%	02/01/18	02/01/19	\$ -	\$ -	\$ 9,400,000.00	\$ -
11-28	Special Improvement District	06/05/15	2.75%	05/31/18	02/01/19	11,250,000.00	11,250,000.00	10,750,000.00	10,750,000.00
16-01/16-11	Waterfront Development Project-NJEDA	10/26/16	2.50%	10/24/18	02/01/19	3,500,000.00	3,500,000.00	3,500,000.00	1,500,000.00
12-06/12-07	Waterfront Development Project	10/25/17	2.50%	10/24/18	02/01/19	6,900,000.00	6,900,000.00	6,900,000.00	6,700,000.00
18-03	Municipal Road Program	10/24/18	2.50%	10/24/18	02/01/19	-	2,850,000.00	-	2,850,000.00
17-11	Waterfront Marina-Passaic Valley-NJDEP	10/24/18	2.50%	10/24/18	02/01/19	-	1,500,000.00	-	1,500,000.00
17-11	Waterfront Marina-Passaic Valley-NJDEP	12/28/17	2.75%	02/01/18	02/01/19	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
						<u>\$ 36,550,000.00</u>	<u>\$ 37,700,000.00</u>	<u>\$ 36,550,000.00</u>	<u>\$ 37,700,000.00</u>
						C	C-2	C-2	C
						<u>Ref.</u>			

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
GENERAL CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORIGINAL AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2017		2018 AUTHOR.	2017 RES FOR ENC	CANCELLED	2018 RES FOR ENC	PAID OR CHARGED	BALANCE DECEMBER 31, 2018	
			FUNDED	UNFUNDED						FUNDED	UNFUNDED
05-35	State Green Acres - Acq. of Land	1,400,000.00	2,998.00	\$	\$	\$	2,998.00	\$	\$	\$	\$
09-06	Roosevelt Ave Pump/Thurpikie Sanitary Sewer	8,100,000.00	1,448,747.70	92,500.00	-	434.03	1,541,681.73	-	-	-	-
10-11	Various Capital Improvements	1,833,000.00	450.00	-	-	-	-	-	450.00	-	-
11-09	Various Capital Improvements	1,492,000.00	34,632.76	-	-	-	-	-	9,210.25	25,422.51	-
11-28	Special Improvement District	12,250,000.00	-	5,171.99	-	416,969.28	-	289,278.44	63,593.24	-	69,269.59
12-02	Careret Park Improvements	450,000.00	5,615.00	-	-	-	-	5,614.93	-	0.07	-
12-06	Marina Project	2,000,000.00	173.99	-	-	31,403.00	-	26,603.00	-	4,973.99	-
12-07	Marina Project	2,000,000.00	-	-	-	20,000.00	-	660.51	-	-	-
12-08	Various Capital Improvements	1,569,189.00	-	-	-	27,133.43	-	27,133.43	19,339.49	-	-
12-11	Waterfront, Land Acq. Marina Improvements	7,000,000.00	-	-	-	4,000.00	-	4,000.00	-	-	-
13-05	Various Capital Improvements	1,479,344.00	71.00	-	-	4,983.13	-	2,820.40	-	-	-
13-18	Various Capital Improvements	3,320,000.00	-	-	-	9,597.50	-	9,597.50	-	-	-
14-01	Various Capital Improvements	12,000,000.00	1,765.02	-	-	602,808.84	-	298,699.31	-	-	-
14-4	Fire Truck/Firehouse Improvements	1,550,000.00	71,592.76	-	-	2,422.33	-	1,924.50	-	-	-
14-14	Acquisition / Construct Ritx Theater	350,000.00	149.50	-	-	1,968.80	-	60,164.50	-	-	-
14-15	Various Capital Improvements	1,950,000.00	62,842.11	-	-	41,520.25	-	34,737.15	-	-	-
15-01	Various Sewer and Stormwater-NJEIT	8,700,000.00	-	-	-	157,806.34	-	59,556.72	-	-	-
15-09	Various Capital Improvements	3,600,000.00	1,122.20	-	-	60,033.75	-	1,470.91	-	-	-
15-16	Various Capital Improvements-Ritx	6,000,000.00	5,196,000.00	-	-	245,250.00	-	206.50	-	-	-
15-20	Various Capital Improvements-Ritx	6,046,900.00	3,621,175.46	-	-	12,634.50	-	12,428.00	-	-	-
16-01	Waterfront Improvements-NIDEF/NJEDA	10,000,000.00	-	-	-	100,380.27	-	100,380.27	-	-	-
16-02	Waterfront Improv-Soil Safe	2,500,000.00	480,878.69	1,459,121.31	-	319,214.62	-	70,729.14	-	480,878.69	1,459,121.31
16-03	Green Acres-Noe Street Acquisitions	1,042,500.00	-	-	-	-	-	32,642.75	-	-	-
16-07	Various Capital Improvements	1,622,399.00	-	-	-	2,303,919.83	-	557,418.30	-	-	-
16-11	Waterfront Improvements-NIDEF/NJEDA	5,000,000.00	439,138.65	-	-	-	-	565,150.00	-	-	-
16-20	Green Acres-Marina	565,150.00	-	-	-	565,150.00	-	-	360,840.39	-	-
16-26	Various Capital Improvements	825,000.00	-	-	-	110,888.90	-	-	-	-	-
16-28	Developer Contribution-200 Middlesex	2,750,000.00	2,592,750.00	-	-	117,691.70	-	5,412.90	-	246.84	-
17-05	Various Capital Improvements	2,124,368.10	21,723.72	-	-	52,719.20	-	74,084.80	-	-	-
17-06	Waterfront Improvements-Property Sale	4,500,000.00	4,500,000.00	-	-	-	-	-	-	-	-
17-09	Acquisition of Vehicles-MCIA	340,000.00	91,599.80	-	-	248,400.20	-	-	-	-	-
17-11	Waterfront Marina Project-ONRR	6,588,055.00	-	-	-	5,920,000.00	-	453,458.22	-	-	-
17-13	Various Sewer and Stormwater-NJEIT	2,000,000.00	-	-	-	835,370.91	-	45,200.82	-	-	-
17-14	Various Capital Improvements-Land Acquisitions	650,000.00	-	-	-	380,552.57	-	-	-	-	-
17-16	Various Capital Improvements-US Metals	3,000,000.00	599,321.13	-	-	1,940,000.00	-	172,368.78	-	3,206.07	-
17-19	Various Sewer and Stormwater-NJEIT	2,500,000.00	-	-	-	2,160,610.40	-	891,324.59	-	-	-
18-01	Various Capital Improvements	1,266,472.00	-	-	-	-	-	339,346.82	-	-	-
18-02	CARA-Property Sale	3,000,000.00	-	-	-	1,266,472.00	-	-	-	-	-
18-03	2018 Municipal Road Program	3,000,000.00	-	-	-	3,000,000.00	-	-	-	-	-
18-11	NIDEF-Passaie Valley Litigation Settlement	6,676,940.00	-	-	-	-	-	1,233,436.87	-	-	-
18-12	NIDOT-Pershing Avenue	1,000,000.00	-	-	-	-	-	20,250.00	-	-	-
18-13	Various Capital Improvements	1,925,000.00	-	-	-	1,925,000.00	-	306,520.03	-	(0.00)	-
18-15	County Noe Street Park	750,000.00	-	-	-	-	-	651,638.20	-	-	-
18-17	Arts Center-NJ Legislative Grant	1,000,000.00	-	-	-	-	-	750,000.00	-	-	-
			\$ 19,172,747.49	\$ 2,696,479.35	\$ 18,617,512.00	\$ 17,273,121.48	\$ 1,544,679.73	\$ 8,170,973.52	\$ 22,614,221.53	\$ 13,430,832.70	\$ 11,999,152.84

Ref: C C C C C C C C C-2 C C C
 Property Sale Proceeds - Ord#18-02 C-4
 NJDEP-Passaie Valley Litigation Settlement Ord#18-11 C-4
 Various Capital Reserves C-4
 Def. Chgs. to Future Taxation - Unfunded C-6
 Reserve for Sewer Improvements - Ord#18-01 C-12
 Reserve for Capital Improvement Fund - Ord#18-01#18-03#18-13 C-13
 Capital Improvement Fund Balance - Ord#18-01#18-13 C-1

SCHEDULE OF GENERAL SERIAL BONDS

<u>DESCRIPTION</u>	<u>ORIGINAL DATE OF ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
				<u>DECEMBER 31, 2018</u>	<u>DECEMBER 31, 2017</u>			
Serial Bonds:								
General Obligation Refunding Bonds, Series 2011	11/15/2011	\$ 4,510,000	11/15/2018	190,000	\$ 190,000.00	4.000%	\$ 190,000.00	\$ -
General Obligation Refunding Bonds, Series 2015	02/01/15	12,360,000		505,000	11,535,000.00	3.000%	505,000.00	11,030,000.00
			02/01/18	520,000		3.000%		
			02/01/19	530,000		4.000%		
			02/01/20	540,000		4.000%		
			02/01/21	555,000		4.000%		
			02/01/22	570,000		5.000%		
			02/01/23	585,000		5.000%		
			02/01/24	595,000		5.000%		
			02/01/25	620,000		5.000%		
			02/01/26	640,000		2.500%		
			02/01/27	660,000		3.000%		
			02/01/28	680,000		3.000%		
			02/01/29	700,000		3.000%		
			02/01/30	720,000		3.000%		
			02/01/31	745,000		3.000%		
			02/01/32	765,000		3.000%		
			02/01/33	790,000		3.000%		
			02/01/34	815,000		3.125%		
			02/01/35					

Ref.

<u>\$ 11,725,000.00</u>	<u>\$ 695,000.00</u>	<u>\$ 11,030,000.00</u>
C	C-5	C

SCHEDULE OF PROJECT LOANS PAYABLE

<u>PROJECT DESCRIPTION</u>	<u>DRAWDOWN DATE</u>	<u>AMOUNT OF LOAN</u>	<u>INTEREST RATE</u>	<u>LOAN REPAYMENT PERIOD</u>	<u>SCHEDULED REPAYMENT</u>	<u>BALANCE DEC. 31, 2017</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2018</u>
NJ Green Acres									
Arthur Kill Waterfront 95-13 (B)		\$ 985,000.00	2.00%	07/23/04-07/23/16		\$ 0.36	\$ -	\$ -	0.36
Various Parks (B)		235,746.90	2.00%	01/26/08-01/26/27		126,262.29	-	12,194.92	114,067.37
Carteret Multi-Park (B)		258,000.00	2.00%	01/24/09-01/24/28		151,263.75	-	13,083.07	138,180.68
Carteret Multi-Park 3 (B)	3/17/2016	240,000.00	0.00%	12/17/16-12/17/35		215,384.60	-	12,307.70	203,076.90
Carteret Multi-Park 4 (B)	3/17/2016	325,000.00	0.00%	12/17/16-12/17/35		300,000.01	-	16,666.66	283,333.35
Waterfront Lot Acq. (A)		350,000.00							
Noe Street Park (A)		260,625.00							
NJ Dept. of Comm Affairs									
Sewer Demolition - 01-47		450,000.00	0.00%	05/23/04-05/23/23	22,500.00	135,000.00	-	22,500.00	112,500.00
State Lake/Stream Restoration-Carteret Pond									
		300,000.00	2.00%	03/19/08-03/19/27		160,974.98	-	15,518.66	145,456.32
M.C.I.A.									
Capital Equipment & Improvement Financing - 2014		217,789.21	3.00%	9/15/2018	44,487.28	90,309.18	-	44,487.28	45,821.90
			3.00%	9/15/2019	45,821.90				
Capital Equipment & Improvement Financing - 2015									
		1,097,923.62	3.00%	7/15/2018	153,310.98	798,676.40	-	153,310.98	645,365.42
			4.00%	7/15/2019	156,710.32				
			4.00%	7/15/2020	164,578.72				
			2.00%	7/15/2021	65,000.00				
			2.00%	7/15/2022	65,000.00				
			2.25%	7/15/2023	65,000.00				
			2.50%	7/15/2024	65,000.00				
			2.50%	7/15/2025	65,000.00				
Capital Equipment & Improvement Financing - 2016									
		144,897.07	3.00%	7/15/2018	27,851.75	117,402.04	-	27,851.75	89,550.29
			4.00%	7/15/2019	28,687.30				
			4.00%	7/15/2020	29,834.80				
			4.00%	7/15/2021	31,028.19				
Capital Equipment & Improvement Financing - 2017									
			3.00%	7/15/2018	22,872.24	299,761.03	-	22,872.24	276,888.79
			3.00%	7/15/2019	23,648.40				
			3.00%	7/15/2020	25,447.85				
			3.00%	7/15/2021	27,771.29				
			3.00%	7/15/2022	28,569.43				
			4.00%	7/15/2023	29,993.01				
			4.00%	7/15/2024	31,192.73				
			4.00%	7/15/2025	33,940.44				
			4.00%	7/15/2026	36,238.06				
			4.00%	7/15/2027	40,087.58				
						\$ 2,395,034.64	\$ -	\$ 340,793.26	\$ 2,054,241.38
						C	C-5	C-5	C

*Principal and Interest
(A) - Payment schedule not determined until final drawdown.
(B) - Semiannual payments

SCHEDULE OF CAPITAL LEASES PAYABLE
MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

PROJECT DESCRIPTION	AMOUNT OF LOAN	FEES PAYABLE	INTEREST RATE	MATURITIES OF LEASES DATE	AMOUNT	BALANCE DEC. 31, 2017	INCREASED	DECREASED	BALANCE DEC. 31, 2018
Capital Equipment - 2013	95,196.20	321.27 124.82	4.000%	10/15/2018	20,258.53	20,258.53	-	20,258.53	-
Capital Equipment - 2014	101,634.95	647.16 117.74	3.000% 3.000%	9/15/2018 9/15/2019	20,760.73 21,383.55	42,144.28	-	20,760.73	21,383.55
Capital Equipment - 2015	97,412.98	292.39 228.11	3.000% 4.000% 4.000%	9/15/2018 9/15/2019 9/15/2020	19,346.90 19,927.30 20,724.40	59,998.59	-	19,346.90	40,651.69
Capital Equipment - 2016	101,427.95	581.18 287.08	3.000% 4.000% 4.000% 4.000%	9/15/2018 9/15/2019 9/15/2020 9/15/2021	19,496.23 20,081.11 20,884.36 21,719.73	82,181.43	-	19,496.23	62,685.20
Capital Equipment - 2017	107,311.25	547.48 172.43	3.000% 3.000% 3.000% 3.000%	7/15/2018 7/15/2019 7/15/2020 7/15/2021 7/15/2022	20,212.56 20,818.94 21,443.51 22,086.82 22,749.42	107,311.25	-	20,212.56	87,098.69
Capital Equipment - 2018	284,248.49	513.12 152.60	4.000% 4.000% 4.000% 4.000%	9/15/2019 9/15/2020 9/15/2021 9/15/2022 9/15/2023	49,485.51 51,316.38 53,369.04 55,503.79 57,723.94	-	267,398.66	-	267,398.66
						<u>\$ 311,894.08</u>	<u>\$ 267,398.66</u>	<u>\$ 100,074.95</u>	<u>\$ 479,217.79</u>
						Ref. C	C-5	C-5	C
						Leases approved by LFB prior to July 1, 2007			
									\$ -
						Leases approved by LFB after July 1, 2007 - Five years or more useful lives			
									<u>\$ 479,217.79</u>

SCHEDULE OF VARIOUS RESERVES

	Ordinance Number	Balance December 31, 2017	Increases	Decreases	Balance December 31, 2018
Reserve for:					
Cash or Appropriated Reserves:					
Sewer Improvements	11-09	\$ -	\$ 386,455.00	\$ 386,455.00	\$ -
Developer Contribution Agreements:					
Robert Wood Johnson-Marina	12-06	196,150.00	6,050.00	196,150.00	6,050.00
Soil Safe	16-02	1,459,121.31	-	719,833.79	739,287.52
MCIA-Police Computer-CAD System		1,470.00	-	-	1,470.00
MCIA-Street Sweeper/SUV Truck		6,135.11	-	6,135.11	-
MCIA-Salt Shed/Building Improv/Camera		728,560.98	-	99,308.10	629,252.88
Reserve-State Marine Barracks-Marina Phase III		-	275,000.00	-	275,000.00
Reserve for Debt Service-CBT	04-25	-	109,406.00	-	109,406.00
Reserve for Litigation-US Metals		67,372.28	171,259.70	182,372.00	56,259.98
Reserve for Noe St-Praxair		400,000.00	-	400,000.00	-
RCA Agreements					
Readington		170,807.50	-	75,000.00	95,807.50
Interest Income:					
Readington		414.48	-	-	414.48
Subtotal		<u>3,030,031.66</u>	<u>948,170.70</u>	<u>2,065,254.00</u>	<u>1,912,948.36</u>
Grants, Loans & Other Receivables:					
Grants:					
Green Acres:					
NJ Economic Development Association	16-01/16-11	2,654,700.42	-	1,156,789.53	1,497,910.89
Marina Project	16-20	565,150.00	-	-	565,150.00
Noe Street Project	16-03	781,875.00	-	-	781,875.00
ONRR-Waterfront Marina Project	17-11	6,588,055.00	-	-	6,588,055.00
Loans:					
Green Acres:					
Waterfront	05-06	1,270,000.00	-	-	1,270,000.00
Noe Street Project	16-03	260,625.00	-	-	260,625.00
NJ Environmental Infrastructure Trust Fund	15-01/17-13 & 17-19	7,406,321.00	-	3,444,549.00	3,961,772.00
Subtotal		<u>19,526,726.42</u>	<u>-</u>	<u>4,601,338.53</u>	<u>14,925,387.89</u>
		<u>\$ 22,556,758.08</u>	<u>\$ 948,170.70</u>	<u>\$ 6,666,592.53</u>	<u>\$ 16,838,336.25</u>
	<u>Ref.</u>	C	C-2, C-4		C
Cash Transactions	C-2		\$ 948,170.70	\$ 180,443.21	
Various Grants, Loans and Other Receivables	C-4		-	4,601,338.53	
Deferred Charges to Future Taxation - Unfunded	C-6		-	719,833.79	
Improvement Authorizations	C-8		-	1,164,977.00	
			<u>\$ 948,170.70</u>	<u>\$ 6,666,592.53</u>	

SCHEDULE OF RESERVE FOR
CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance - December 31, 2017	C	\$ 86,803.75
Increased by:		
Budget Appropriation	C-2	<u>1,800,000.00</u>
		1,886,803.75
Decreased by:		
Improvement Authorizations-Down Payment	C-8	<u>1,836,000.00</u>
Balance - December 31, 2018	C	<u><u>\$ 50,803.75</u></u>

SCHEDULE OF INFRASTRUCTURE
TRUST LOAN PAYABLE

DESCRIPTION	DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATE	MATURITIES OF LOANS YEAR	AMOUNT	BALANCE DEC. 31, 2017	INCREASED	DECREASED	BALANCE DEC. 31, 2018
New Jersey Environmental-Trust Loan Infrastructure Trust Series 2010A	3/10/2010	\$ 985,000.00	5.00%	2018	45,000.00	\$ 395,000.00	\$ -	\$ 45,000.00	\$ 350,000.00
				2019	50,000.00				
				2020	50,000.00				
				2021	55,000.00				
				2022	55,000.00				
				2023	60,000.00				
				2024	60,000.00				
2025	20,000.00								
New Jersey Environmental-Fund Loan Infrastructure Trust Winter 2010	3/10/2010	3,022,500.00	0.00%	2018	153,686.43	813,567.37	-	153,686.43	659,880.94
				2019	153,686.43				
				2020	153,686.43				
				2021	153,686.43				
				2022	153,686.43				
				2023	45,135.22				
New Jersey Environmental-Fund Loan Infrastructure Trust 2017	11/29/2017	10,648,812.00	5.00%	2018	164,467.68	10,016,403.00	632,409.00	164,467.68	10,484,344.32
				2019	306,701.52				
				2020	311,701.52				
				2021	316,701.52				
				2022	316,701.52				
				2023	321,701.52				
				2024	326,701.52				
				2025	331,701.52				
				2026	336,701.52				
				2027	336,701.52				
				2028	341,701.52				
				2029	346,701.52				
				2030	351,701.52				
				2031	351,701.52				
				2032	356,701.52				
				2033	356,701.52				
				2034	361,701.52				
				2035	366,701.52				
				2036	371,701.52				
				2037	371,701.52				
				2038	376,701.52				
2039	381,701.52								
2040	386,701.52								
2041	391,701.52								
2042	396,701.52								
2043	401,701.52								
2044	406,701.52								
2045	411,701.52								
2046	421,701.52								
2047	426,701.76								
						\$ 11,224,970.37	632,409.00	363,154.11	\$ 11,494,225.26

Ref.

C

C-5

C-5

C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	2018 AUTHORIZATIONS	(Cancelled) NOTES REDEEMED	FUNDING	BOND ANTICIPATION NOTES ISSUED	BALANCE DECEMBER 31, 2018
04-25	Special Improvement District	\$ 140,594.00	\$ -	\$ -	\$ 140,594.00	\$ -	\$ -
05-06	State Green Acres - Waterfront II	470,000.00	-	-	-	-	470,000.00
09-06	Sewer Infrastructure	92,500.00	-	92,500.00	-	-	-
15-01	Various Sewer and Stormwater-NJEIT	2,906,321.00	-	-	2,906,321.00	-	-
16-02	Waterfront Development Project -Soil Safe	1,459,121.31	-	-	719,833.79	-	739,287.52
16-03	State Green Acres-Noe Street Project	1,042,500.00	-	-	-	-	1,042,500.00
16-20	State Green Acres - Municipal Marina	565,150.00	-	-	-	-	565,150.00
17-11	Waterfront Marina-Passaic Valley-NJDEP	1,588,055.00	-	-	-	1,500,000.00	88,055.00
17-13	Various Sewer and Stormwater-NJEIT	2,000,000.00	-	-	538,228.00	-	1,461,772.00
17-19	Various Sewer and Stormwater-NJEIT	2,500,000.00	-	-	-	-	2,500,000.00
18-03	2018 Municipal Road Program	-	2,850,000.00	-	-	2,850,000.00	-
		<u>\$ 12,764,241.31</u>	<u>\$ 2,850,000.00</u>	<u>\$ 92,500.00</u>	<u>\$ 4,304,976.79</u>	<u>\$ 4,350,000.00</u>	<u>\$ 6,866,764.52</u>

Ref.

Footnote C

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BOROUGH OF CARTERET

PART II

SINGLE AUDIT SECTION

FOR THE YEAR ENDED DECEMBER 31, 2018



HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08

Honorable Mayor and Members
of the Borough Council
Borough of Carteret
County of Middlesex
Carteret, New Jersey

Report on Compliance for Each Major State Program

We have audited the Borough of Carteret's compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Borough's major state programs for the year ended December 31, 2018. The Borough's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Borough's compliance.

Opinion on Each Major State Program

In our opinion, the Borough of Carteret complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Borough of Carteret is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
August 16, 2019

SCHEDULE B

**BOROUGH OF CARTERET
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018**

STATE PROGRAM	STATE ACCOUNT NUMBER OR GRANT NUMBER	GRANT PERIOD	CURRENT EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	TOTAL EXPENDITURES	CUMULATIVE EXPENDITURES
Department of Transportation:						
Highway Planning and Construction:						
Industrial Highway	078-6320-480	2014	\$ 26,605.81	\$ -	\$ 26,605.81	\$ 300,000.00
Milik Street	078-6320-480	2016	339,879.49	-	339,879.49	339,879.49
Total Highway Planning and Construction			366,485.30	-	366,485.30	639,879.49
Total Department of Transportation			366,485.30	-	366,485.30	639,879.49
Department of Environmental Protection:						
Municipal Recycling Assistance	752-042-4900-004	2018	12,260.00	-	12,260.00	12,260.00
NJ Environmental Infrastructure Trust	N/A	2016	123,069.19	-	123,069.19	8,647,835.63
Recycling Tonnage Grants	042-4900-752-001	2015	7,960.00	-	7,960.00	73,379.10
Recycling Tonnage Grants	042-4900-752-001	2016	22,019.46	-	22,019.46	105,223.69
Recycling Tonnage Grants	042-4900-752-001	2017	2,154.91	-	2,154.91	37,154.91
Recycling Tonnage Grants	042-4900-752-001	2018	27,813.49	-	27,813.49	27,813.49
Clean Communities Program	042-4900-765-004	2018	36,338.83	-	36,338.83	36,338.83
Harzardous Discharge Site Remediation						
Municipal Grant Program	P27855	2016	1,824,799.79	-	1,824,799.79	4,081,741.31
Total Department of Environmental Protection			2,056,415.67	-	2,056,415.67	13,021,746.96
Department of Community Affairs:						
Municipal Alliance	2000-475-995120-60	2017	20,624.92	-	20,624.92	22,500.00
Municipal Alliance	2000-475-995120-60	2018	6,500.00	-	6,500.00	6,500.00
Total Department of Environmental Protection			27,124.92	-	27,124.92	29,000.00
Department of Law & Public Safety:						
Body Armor Replacement	066-1020-718-001	2017	2,699.97	-	2,699.97	7,989.04
Municipal Court Alcohol Education	Not Available	2012	214.14	-	214.14	1,732.24
Municipal Court Alcohol Education	Not Available	2013	701.52	-	701.52	701.52
Municipal Court Alcohol Education	Not Available	2014	527.75	-	527.75	527.75
Multi Jurisdictional Task Force	Not Available	2004	1,411.43	-	1,411.43	14,241.00
Local Law Enforcement	100-066-1160-057	2003	2,879.23	-	2,879.23	13,131.00
Click It or Ticket It	Not Available	2018	5,500.00	-	5,500.00	5,500.00
Total Department of Law & Public Safety			13,934.04	-	13,934.04	43,822.55
Total State Financial Assistance			\$ 2,463,959.93	\$ -	\$ 2,463,959.93	\$ 13,734,449.00

BOROUGH OF CARTERET
NOTES TO SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Basis of Presentation

The accompanying schedules of expenditures of state financial assistance present the activity of all state financial assistance programs of the Borough of Carteret. The Borough is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditures of state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of state financial assistance are presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

The amounts shown as current year expenditures represent only state grant portion of the program costs. Such expenditures are recognized following the cost principles contained in State of New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Expenditures from awards are reported in the Borough's financial statements as follows:

	State
State & Federal Grant Fund	\$ 516,091
General Capital Fund	<u>1,947,869</u>
Total	<u><u>\$ 2,463,960</u></u>

BOROUGH OF CARTERET
NOTES TO SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 4. Relationship to State Financial Reports

The regulations and guidelines governing the preparation of state financial reports vary by state agency and among programs administered by the same agencies. Accordingly, the amounts reported in the state financial reports do not necessarily agree with the amounts reported in the accompanying Schedules, which is prepared on the modified accrual basis of accounting as explained in Note 2.

Note 5. State Loans Outstanding

The Borough had no loan balances outstanding at December 31, 2018.

Note 6. Contingencies

Each of the grantor agencies reserves the right to conduct additional audits of the Borough's grant program for economy, efficiency and program results. However, the Borough administration does not believe such audits would result in material amounts of disallowed costs.

Note 7. Major Programs

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**BOROUGH OF CARTERET
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Section I - Summary of Auditor's Results

Financial Statements

	Adverse - GAAP; Modified - Regulatory Basis
Type of auditor's report issued	
Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ yes <u> X </u> no
2) Significant deficiency(ies) identified?	_____ yes <u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes <u> X </u> no

State Financial Assistance

Dollar threshold used to determine Type A programs	\$ 750,000
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no
Internal control over major programs:	
1) Material weakness(es) identified?	_____ yes <u> X </u> no
2) Significant deficiency(ies) identified?	_____ yes <u> X </u> no
Type of auditor's report issued on compliance for major programs	Unmodified - Regulatory Basis
Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB's Circular 15-08?	_____ yes <u> X </u> no
Identification of major programs:	

State Grant/Project Number(s)

Name of State Program

P#27855	Hazardous Discharge Site Remediation

**BOROUGH OF CARTERET
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Section II – Financial Statement Findings

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

None.

**BOROUGH OF CARTERET
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Section III –State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major state programs, as required by New Jersey OMB's Circular 15-08.

STATE FINANCIAL ASSISTANCE

None

**BOROUGH OF CARTERET
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

This section identifies the status of prior year findings related to the financial statements and state financial assistance that are required to be reported in accordance with *Government Auditing Standards* and New Jersey OMB's Circular 15-08.

FINANCIAL STATEMENT FINDINGS

No Prior Year Findings.

STATE FINANCIAL ASSISTANCE

No Prior Year Findings.

BOROUGH OF CARTERET

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2018:

<u>Name</u>	<u>Title</u>
Daniel J. Reiman	Mayor
Jorge Diaz	Council President
Vincent Bellino	Councilperson
Dennis Dimascio	Councilperson
Ajmar Johal	Councilperson
Randy Krum	Councilperson
Susan R. Naples	Councilperson
Kathleen M. Barney	Municipal Clerk
Patrick J. DeBlasio	Chief Financial Officer, Tax Collector, Treasurer (A)
Allen Comba	Judge (A)
Jay Briscione	Tax Assessor
Robert J. Bergen	Law Director
Madeline Zurick	Acting Court Administrator (A)

(A) – Employee covered by blanket bond in the amount of \$1,000,000, subject to deductible.

Honorable Mayor and Members
of the Borough Council
Borough of Carteret
County of Middlesex
Carteret, New Jersey

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2018.

GENERAL COMMENTS:

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

N.J.S.A.40A:11-4 states every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the year ended December 31, 2018.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold “for the performance of any work, or the furnishing of any materials, supplies or labor” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 7, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW THEREFORE, BE IT RESOLVED, by the Mayor and Council of the Borough of Carteret, County of Middlesex, State of New Jersey as follows:

- 1) The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 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 6% shall be charged against the delinquency.*
- 2) Effective January 1, 2018, there will be a ten (10) day grace period of quarterly tax payments made by cash, check, or money order.*
- 3) Any payment not made in accordance with paragraph two (2) of this resolution shall be charged interest from the due date as set forth in paragraph one (1) of this resolution.*

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

OTHER COMMENTS (FINDINGS):

None.

RECOMMENDATIONS:

None.

Appreciation

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

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

Freehold, New Jersey
August 16, 2019