TOWN OF GUTTENBERG

Financial Statements With Supplementary Information

December 31, 2018

(With Independent Auditors' Reports Thereon)

TOWN OF GUTTENBERG

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Town Council
Town of Guttenberg
County of Hudson, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Town of Guttenberg in the County of Hudson, as of December 31, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Town of Guttenberg as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2018 and 2017, the regulatory basis statements of operations for the years then ended, and the regulatory basis statements of

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revenues and expenditures for the year ended December 31, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2018, the Town adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this statement only required financial statement disclosure. Our opinions are 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 that collectively comprise the Town of Guttenberg's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Honorable Mayor and
Members of the Town Council
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2019 on our consideration of the Town of Guttenberg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Guttenberg's internal control over financial reporting and compliance.

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

May 31, 2019

Exhibit A

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2018 and 2017

Assets	Ref.	2018	2017
Current Fund:			
Cash	A-4	$ 8,627,632	9,406,006
Due from State of New Jersey:			
Senior citizens' and veterans' deductions	A-7	27,357	25,662
		8,654,989	9,431,668
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-5	2,000,145	1,714,104
Tax Title Liens	A-19	116,456	80,591
Revenue accounts receivable	A-6	45,225	51,744
Prepaid School Taxes	A-8	46,129	
Interfunds Receivable:			
Animal License Trust Fund	A-16	2,320	1,583
Community Development Trust Fund	A-16	288	593
Escrow Trust Fund	A-16	136	99
Redemption Trust Fund	A-16	21,943	
Payroll Agency Account	A-16		85,000
Net Payroll Account	A-16		2,745
General Capital Fund	A-16	283,392	20,855
Federal and State Grant Fund	A-17		2,746
		2,516,034	1,960,060
		11,171,023	11,391,728
State and Federal Grant Fund:			
Cash	A-4	152,223	148,729
Grants receivable	A-20	64,356	20,943
Due from Current Fund	A-17	14,092	
		230,671	169,672
		$ 11,401,694	11,561,400

Exhibit A

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2018 and 2017

	Ref.	2018	2017
Liabilities, Reserves and Fund Balance			
Current Fund:			
Appropriation reserves	A-3,A-11	$ 775,256	493,820
Encumbrances payable	A-12	48,750	116,924
Tax overpayments	A-13	71,133	77,804
Prepaid taxes	A-14	277,846	1,024,946
School District Taxes Payable	A-8		46,129
County Added Taxes Payable	A-10	31,105	41,129
Reserve for Amount Due to the Hudson County Treasurer - Court Fines and Costs	A-15	6,764	6,764
Interfunds Payable:			
Other Trust Fund	A-16	2,373	2,247
Federal and State Grant Fund	A-16	14,092	
Reserve for:			
Pension Deferral	A-18	228,137	228,137
Revaluation	A-18	17,130	17,130
Library Contribution	A-18	20,554	20,554
State Library Aid	A-18	6,419	6,419
Tax Appeals	A-18	208,821	238,608
DCA Fees Payable	A-18		1,694
Outside Liens	A-18		65,780
		1,708,380	2,388,085
Reserve for receivables and other assets	A	2,516,034	1,960,060
Fund balance	A-1	6,946,609	7,043,583
		11,171,023	11,391,728
State and Federal Grant Fund:			
Matching Funds for Grants		95,000	70,000
Due to Current Fund	A-17		2,746
Appropriated reserves	A-21	111,254	75,075
Unappropriated reserves	A-22	24,417	16,803
Due to State of New Jersey	A-23		5,048
		230,671	169,672
		$ 11,401,694	11,561,400

See accompanying notes to financial statements.

Exhibit A-1

TOWN OF GUTTENBERG

Comparative Statement of Operations and Changes in Fund Balance-Regulatory Basis

Current Fund

Year Ended December 31, 2018 and 2017

		Dec. 31, 2018	Dec. 31, 2017
Revenue and other income realized:			
Fund balance utilized	$	1,700,000	1,702,073
Miscellaneous revenue anticipated		3,015,543	2,774,698
Receipts from delinquent taxes		1,453,316	1,464,107
Receipts from current taxes		27,723,637	27,616,480
Nonbudget revenues		375,174	736,630
Other credits to income:			
Unexpended balance of appropriation reserves		325,540	578,924
Liabilities Canceled		30,067	
Interfunds Returned		110,875	33,436
Total revenue		34,734,152	34,906,348
Expenditures:			
Budget and emergency appropriations:			
Operations:			
Salaries and wages		5,227,600	5,148,225
Other expenses		9,880,829	9,291,870
Deferred charges and statutory expenditures		1,110,597	996,587
Capital improvements			100,000
Municipal debt service		702,795	960,471
County taxes		4,748,819	4,653,005
Due county for added taxes		31,105	41,129
Local district school taxes		11,099,825	11,158,596
Prepaid School Taxes		46,129	
Interfunds Advanced		283,427	103,500
Refunds			96,798
Total expenditures		33,131,126	32,550,181
Excess in Revenue		1,603,026	2,356,167

Exhibit A-1

TOWN OF GUTTENBERG

Comparative Statement of Operations and Changes in Fund Balance-Regulatory Basis

Current Fund

Year Ended December 31, 2018 and 2017

	Dec. 31, 2018	Dec. 31, 2017
Statutory excess to fund balance	1,603,026	2,356,167
Fund balance - January 1,	7,043,583	6,389,489
	8,646,609	8,745,656
Decreased by utilization as anticipated revenue	1,700,000	1,702,073
Fund balance - December 31,	$ 6,946,609	7,043,583

See accompanying notes to financial statements.

Exhibit A-2

TOWN OF GUTTENBERG

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2018

	Budget	Realized	Excess (deficit)
Surplus anticipated	$ 1,700,000	1,700,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	30,000	43,000	13,000
Other	75,000	191,480	116,480
Fees and permits:			
Other	85,000	129,015	44,015
Fines and costs municipal court	550,000	661,889	111,889
Parking meters	125,000	291,183	166,183
Interest and costs on taxes	175,000	264,343	89,343
Interest on investments and deposits	25,000	168,701	143,701
Consolidated Municipal Property Tax Relief Aid	166,205	166,205	
Energy Receipts Tax	592,570	592,570	
Uniform Construction Code Fees	75,000	133,950	58,950
Public and Private Programs Offset by Revenues:			
Click it or Ticket	5,500	5,500	
Clean Communities	15,528	15,528	
Recreational Opportunities Grant	16,666	16,666	
Municipal Alliance	19,310	19,310	
Drive Sober or Get Pulled Over	5,500	5,500	
Summer Food	17,581	17,581	
National Endowment for the Arts - Promotion of the Arts Grant	25,000	25,000	
ML Tarantino Community Policing Grant	4,747	4,747	
Alcohol Education and Rehabilitation Grant	6,078	6,078	
General Capital Fund Balance	150,000	150,000	
Time Warner	48,000	47,852	(148)
Verizon	60,000	59,445	(555)
Total miscellaneous revenues	2,272,685	3,015,543	742,858
Receipts from delinquent taxes	1,385,000	1,453,316	68,316
Amount to be raised by taxes for support of municipal budget	13,547,563	13,543,888	(3,675)
Budget total	$ 18,905,248	19,712,747	807,499
Nonbudget revenue		375,174	
		$ 20,087,921	

Exhibit A-2

TOWN OF GUTTENBERG

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2018

Analysis of Realized Revenue

Allocation of current tax collections;		
Revenue from collections	$	27,723,637
Allocated to:		
Local district school tax		11,099,825
County taxes		4,779,924
		15,879,749
Balance for support of municipal budget appropriations		11,843,888
Reserve for uncollected taxes		1,700,000
	$	13,543,888
Receipts from:		
Delinquent tax collections	$	1,453,316

Analysis of Miscellaneous Revenue Not Anticipated

Prior Year Voided Checks		
Recycling Fees		3,550
Auction		750
COBRA Payments		718
ADS Refunds - State Health Benefits		156,982
Library Reimbursement		2,935
Death Certificates		2,320
Wedding Fees		5,850
Foreclosure Proceeds		50,800
Insurance Rebate		16,397
Police Off Duty Administrative Fee		20,050
Restitution		3,393
Bus Franchise Fee		3,090
PILOT - Housing Authority		86,139
DMV Inspection Fines		458
Other		21,742
	$	375,174

See accompanying notes to financial statements.

Exhibit A-3

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2018

Description		Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Operations-within "CAPS"						
Administrative and executive:						
Salaries and wages	$	325,000	347,000	343,705	3,295	
Other expenses		175,000	275,000	251,485	23,515	
Elections:						
Salaries and wages		2,000	2,000	2,000		
Other expenses		12,500	10,061	10,053	8	
Financial administration:						
Salaries and wages		310,000	300,000	292,152	7,848	
Other expenses		175,000	146,000	106,873	39,127	
Assessment of taxes:						
Salaries and wages		37,000	37,000	34,500	2,500	
Other expenses		34,000	34,000	28,287	5,713	
Municipal Court:						
Salaries and wages		300,000	260,000	251,099	8,901	
Other Expenses		20,000	27,000	26,026	974	
Collection of taxes:						
Salaries and wages		115,000	115,000	111,424	3,576	
Other expenses		16,000	16,000	13,784	2,216	
Legal services and costs:						

Exhibit A-3

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2018

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Other expenses	225,000	310,000	296,266	13,734	
Public building and grounds:					
Other expenses	150,000	160,000	147,679	12,321	
Engineering:					
Other expenses	125,000	135,000	124,602	10,398	
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and wages	24,000	24,000	18,925	5,075	
Other expenses	4,500	4,500	2,204	2,296	
Community Action Program:					
Other expenses	10,500	10,500	10,000	500	
Insurance:					
Insurance-Other	600,000	619,569	618,792	777	
Group Insurance for Employees	1,750,000	1,608,000	1,600,357	7,643	
Insurance/Deductible	25,000	25,000	25,000		
Unemployment Insurance	95,000	95,000	95,000		

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2018

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
PUBLIC SAFETY:					
Police:					
Salaries and wages	2,700,000	2,840,000	2,828,810	11,190	
Other expenses	160,000	143,000	137,390	5,610	
Emergency management services:					
Other expenses	12,000	7,000	4,332	2,668	
Weehawken Volunteer Ambulance:					
Other expenses	45,000	14,970	14,170	800	
Fire Official/Inspector:					
Salaries and wages	115,000	115,000	106,992	8,008	
Other expenses	10,000	10,000	5,958	4,042	
Public Works:					
Street Cleaning:					
Salaries and wages	657,900	677,200	677,156	44	
Other expenses	125,000	186,000	176,716	9,284	
Recycling:					
Other expenses	110,000	110,000	101,043	8,957	
Solid Waste & Garbage Removal:					
Other expenses	840,000	735,000	734,981	19	
Snow Removal:					

Exhibit A-3

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2018

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Other expenses	125,000	125,000	25,275	99,725	
Health and Welfare:					
Public Health Services:					
Other expenses	50,000	50,000	48,422	1,578	
Recreation and Education:					
Recreation:					
Salaries and wages	287,000	255,000	248,560	6,440	
Other expenses	165,000	90,000	75,741	14,259	
Celebration of public event, anniversary or holiday - other expenses	87,000	77,000	75,596	1,404	
Senior Citizens Nutrition Program:					
Salaries and wages	16,000	21,700	20,489	1,211	
Other expenses	50,000	40,000	38,771	1,229	
Senior Citizens Tranportation:					
Other expenses	20,000	20,000	13,759	6,241	
Senior Recreation Program:					
Other expenses	10,000	10,000	3,340	6,660	

Exhibit A-3

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2018

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Uniform construction code official:					
Salaries and wages	185,000	190,700	190,415	285	
Other expenses	8,000	8,000	6,330	1,670	
License inspector:					
Salaries and wages	43,000	43,000	42,843	157	
Other expenses	2,500	2,500	2,500		
UNCLASSIFIED:					
Utilities:					
Electricity	180,000	61,526	44,547	16,979	
Street lighting	60,000	70,900	56,723	14,177	
Telephone	85,000	110,000	101,087	8,913	
Water	30,000	30,000	10,888	19,112	
Fire hydrant service	55,000	75,000	47,066	27,934	
Sewerage	50,000	35,000	12,442	22,558	
Gasoline	82,000	77,000	74,060	2,940	
Postage - all departments	30,000	30,000	24,524	5,476	
Technology	175,000	181,000	174,460	6,540	
Salary & Wage Adjustment	15,000				
Total Operations within "CAPS"	11,115,900	11,002,126	10,535,599	466,527	

Exhibit A-3

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2018

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Contingent	6,125	6,125		6,125	
Total Operations Including Contingent-within "CAPS"	11,122,025	11,008,251	10,535,599	472,652	
Detail:					
Salaries & Wages	5,131,900	5,227,600	5,169,070	58,530	
Other Expenses (Including Contingent)	5,990,125	5,780,651	5,366,529	414,122	
	11,122,025	11,008,251	10,535,599	472,652	
Deferred Charges and Statutory Expenditures-Municipal within "CAPS"					
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	250,000	262,000	260,265	1,735	
Public Employees Retirement system	267,046	267,046	267,046		
Police and Firemans Retirement System of N.J.	580,651	580,651	580,651		
Consolidated Police and Firemen's Pension Fund	12,000				
DCRP	900	900	900		

Exhibit A-3

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2018

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	1,110,597	1,110,597	1,108,862	1,735	
Total General Appropriations for Municipal Purposes within "CAPS"	12,232,622	12,118,848	11,644,461	474,387	
Operations-Excluded from "CAPS"					
Reserve for Tax Appeals	62,000	62,000	62,000		
911-Other Expenses	60,000	120,674	120,674		
Stormwater Management	60,000	60,000	24,543	35,457	
Library Service-North Bergen:					
Other expenses	348,196	348,196	335,103	13,093	
North Hudson Regional Communication:					
Other expenses	86,000	130,000	130,000		
North Hudson Regional Fire & Rescue:					
Other expenses	2,950,000	2,950,000	2,697,707	252,293	
Guttenberg Board of Education					
Electric and Gas	124,000	133,100	133,074	26	
Sewer	12,000	12,000	12,000		

Exhibit A-3

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2018

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Water	13,500	13,500	13,500		
Telephone	10,000	10,000	10,000		
Snow Removal	25,000	25,000	25,000		
Security	92,384	92,384	92,384		
Public and Private Programs Offset by Revenues					
Municipal Alliance	19,310	19,310	19,310		
Match	27,414	27,414	27,414		
Clean Communities	15,528	15,528	15,528		
Alcohol Education & Rehab Fund	6,078	6,078	6,078		
Summer Food	17,581	17,581	17,581		
Click it or Ticket	5,500	5,500	5,500		
Drive Sober or Get Pulled Over	5,500	5,500	5,500		
NEA Grant	25,000	25,000	25,000		
Policing Grant	4,747	4,747	4,747		
Recreation for Individuals with Disabilities (ROID)	16,666	16,666	16,666		
Total Operations-Excluded from "CAPS"	3,986,404	4,100,178	3,799,309	300,869	

Exhibit A-3

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2018

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Detail:					
Salaries and Wages					
Other Expenses	3,986,404	4,100,178	3,799,309	300,869	
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	251,000	251,000			251,000
Interest on Notes	699,375	699,375	666,948		32,427
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	35,847	35,847	35,847		
Total Municipal Debt Service-Excluded from "CAPS"	986,222	986,222	702,795		283,427
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,972,626	5,086,400	4,502,104	300,869	283,427

Exhibit A-3

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2018

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Subtotal General Appropriations	17,205,248	17,205,248	16,146,565	775,256	283,427
Reserve for Uncollected Taxes	1,700,000	1,700,000	1,700,000		
Total General Appropriations	$ 18,905,248	18,905,248	17,846,565	775,256	283,427

Adopted Budget	18,834,240
Added by N.J.S.A. 40A:4-87	71,008
	$ 18,905,248

Analysis of Paid or Charged	
Reserve for Uncollected Taxes	1,700,000
Due to Federal and State Grant Fund	118,324
Due to Federal and State Grant Fund - Matching Funds	25,000
Reserve for Tax Appeals	2,406
Reserve for Encumbrances	48,750
Cash	15,952,085
	$ 17,846,565

Exhibit B

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2018 and 2017

Assets	Ref.		2018	2017
Animal License Fund:				
Cash	B-1	$	7,140	6,708
Unemployment Compensation Trust Fund:				
Cash	B-1		45,783	43,889
Community Development Block Grant Trust Fund:				
Cash	B-1		11,128	74,433
Grants receivable	B-4		139,000	67,000
			150,128	141,433
Other Trust Funds:				
Cash	B-1		1,566,747	1,679,961
Interfund Receivables:				
Due from Current Fund	B-7		2,373	2,247
			1,569,120	1,682,208
		$	1,772,171	1,874,238

Exhibit B

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2018 and 2017

Liabilities and Reserves	Ref.	2018	2017
Animal License Fund:			
Reserve for Animal License Expenditures	B-2	4,768	5,074
Due to State of New Jersey	B-3	52	51
Due to Current Fund	B-7	2,320	1,583
		7,140	6,708
Unemployment Compensation Trust Fund:			
Reserve for Expenditures	B-9	45,783	43,889
Community Development Block Grant Trust Fund:			
Reserve for Grant Expenditures	B-5	149,840	77,840
Due to General Capital Fund	B-7		63,000
Due to Current Fund	B-7	288	593
		150,128	141,433
Other Trust Funds:			
Due to State-Marriage Licenses	B-6	1,700	1,550
Due to State-Construction Fees	B-6	254	254
Interfunds Payable:			
Due to Current Fund	B-7	22,079	99
Reserve for:			
Other Trust Deposits	B-8	1,545,087	1,680,305
		1,569,120	1,682,208
		$ 1,772,171	1,874,238

See accompanying notes to financial statements.

Exhibit C

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2018 and 2017

Assets	Ref.		2018	2017
Cash:				
Checking	C-2,C-3	$	2,329,899	4,381,233
Grants Receivable:				
Hudson County Open Space Grant	C-6		664,536	
State of New Jersey - Dept. of Transportation	C-7		455,000	455,000
State of New Jersey - Department of Environmental Protection, Green Acres Program	C-8		217,263	217,263
State of New Jersey - Educational Facilities Construction Financing	C-9		182,587	2,191,042
Federal Emergency Management Agency	C-10			207,854
Interfund Receivable - Community Development Trust Fun(	C-15			63,000
Due from Board of Education	C-11		62,750	152,537
Deferred charges to future taxation:				
Funded	C-4		19,236,989	120,590
Unfunded	C-5		5,811,705	24,310,178
		$	28,960,729	32,098,697
Liabilities, Reserves and Fund Balance				
Serial Bonds	C-12		19,150,000	
Green Acres Loans Payable	C-20		86,989	120,590
Bond Anticipation notes	C-21			20,975,000
Capital Improvement Fund	C-13		1,185,758	1,441,608
Due to Current Fund	C-14		283,392	20,855
Reserve for Payment of Debt	C-16		2,213,870	3,190,990
Reserve for Grants Receivable	C-17		1,302,123	2,853,896
Reserve for Green Acres	C-18		100	100
Improvement authorizations:				
Funded	C-19		662,285	179,679
Unfunded	C-19		3,584,557	2,732,639
Fund Balance	C-1		491,655	583,340
		$	28,960,729	32,098,697

There were bonds and notes authorized but not issued at December 31, 2018 and December 31, 2017 of $5,811,705 and $3,335,178 respectively. See exhibit C-22.

See accompanying notes to financial statements.

Exhibit C-1

TOWN OF GUTTENBERG

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31, 2018 and 2017

	2018	2017
Balance - December 31, 2017	$ 583,340	295,177
Increased by :		
Prior year voided check		176
Premium received on Sale of Bond Anticipation Notes	58,315	287,987
	58,315	288,163
	641,655	583,340
Decreased by:		
Budget Revenue - Due to Current Fund	150,000	
Balance - December 31, 2018	$ 491,655	583,340

See Accompanying Notes to Financial Statements

Exhibit F

TOWN OF GUTTENBERG

Comparative Balance Sheets-Regulatory Basis

Payroll Account

December 31, 2018 and 2017

		2018	2017
Assets			
Cash	$	12,240	96,690
	$	12,240	96,690
Liabilities			
Due to Current Fund - Net Payroll	$		2,745
Due to Current Fund - Payroll Agency			85,000
Net Payroll Payable		5,332	1,000
Withholdings Payable		6,908	7,945
	$	12,240	96,690

See accompanying notes to the financial statements.

Exhibit G

TOWN OF GUTTENBERG

Statement of General Fixed Assets-Regulatory Basis

General Fixed Assets Account Group

December 31, 2018 and 2017

		2018	2017
Land	$	1,817,400	1,817,400
Buildings		3,378,500	3,378,500
Vehicles and equipment		2,321,736	2,085,522
	$	7,517,636	7,281,422

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups 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 financial statements of the Town of Guttenberg have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is another comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Town accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Town of Guttenberg (the "Town") operates under a Mayor/Council form of government. The Town's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Town do not include the Volunteer Fire Department or Housing Authority, which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Town uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Town functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Town has the following funds and account group:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Town as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

> Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Town as a trustee or agent for individuals, private organizations, other governments and/or other funds.
>
> Animal License Fund - This fund is used to account for fees collected from animal licenses and expenditures, which are regulated by NJS 4:19-15.11.

Unemployment Trust Fund - This fund is used to account for all employee deductions and budget appropriations and subsequent payment of unemployment compensation bills from the State of New Jersey.

Community Development Block Grant - This fund is used to account for the award and receipt of grant monies and subsequent expenditure of grants awarded through the Department of Housing and Urban Development passed through the County of Hudson as required by the grant agreements.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group - To account for all fixed assets of the Town. The Town's infrastructure is not reported in the group.

Payroll Account - This fund is used to account for the receipt and disbursement of net payroll and all deductions and withholdings.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting

A modified accrual basis of accounting is followed by the Town of Guttenberg. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of $1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Town. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month in the current year taxes are levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Town. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Town's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Town's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the Current Fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Town and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Town is not required to adopt budgets for the following funds:

General Capital Fund
Trust Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted.

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2018, the Mayor and Council approved additional revenues and appropriations of $71,008 in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were also approved by the governing body.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at June 30 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Inventories - The costs 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 balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Town establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Town may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Town raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, the Town of Guttenberg has developed a fixed assets accounting and reporting system.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

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

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimates

The preparation of financial statements requires management of the Town to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Town adopted Government Accounting Standards Board GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions.* This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. As a result of adopting this Statement, the Town was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Town.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Town presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTE 2. PENSION PLANS

Description of Plans:

Town employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(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 the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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:

NOTE 2. PENSION PLANS, (continued)

Public Employees' Retirement System (PERS), (continued)

Benefits Provided, (continued)

Tier	Definition
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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit 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.

Police and Firemens' 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 the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

NOTE 2. PENSION PLANS, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

Tier	Definition
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 of 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.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

NOTE 2. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Town's contribution to the various plans, equal to the required contributions for each year, were as follows.

Year	PERS	PFRS	DCRP
2018	$253,712	$550,473	$900
2017	223,354	483,285	113
2016	180,455	458,117	

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2018, the Town had a liability of $5,017,802 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the Town's proportion was .02548466 percent, which was a decrease of .00190241490 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Town recognized pension expense of $253,712. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$95,690	$25,873
Changes of assumptions	826,851	1,604,426
Net difference between projected and actual earnings on pension plan investments		47,067
Changes in proportion and differences between Town contributions and proportionate share of contributions	872,082	471,187
Town contributions subsequent to the measurement date		
Total	$1,794,623	$2,148,553

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	34,826
2020	(48,217)
2021	(345,757)
2022	(299,708)
2023	(95,970)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	June 30, 2018	June 30, 2017
Collective deferred outflows of resources	$4,684,852,302	$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Town's Proportion	.0254846600%	.02738707490%

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 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.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement 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 Conduent modified 2014 projection scale. Post-retirement mortality rates 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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).

Long-Term 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 real 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2018, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension 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:

	June 30, 2018		
	1% Decrease 4.66%	At Current Discount Rate 5.66%	1% Increase 6.66%
Town's proportionate share of the pension liability	$6,309,309	$5,017,802	$3,934,312

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At December 31, 2018, the Town had a liability of $7,997,376 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the Town's proportion was .059101271000 percent, which was a decrease of .309777070 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Town recognized pension expense of $550,473. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in actual and expected experience	$81,363	$33,095
Changes of assumptions	686,467	2,049,589
Net difference between projected and actual earnings on pension plan investments		43,753
Changes in proportion and differences between Town contributions and proportionate share of contributions	607,480	498,155
Town contributions subsequent to the measurement date		
Total	$1,375,310	$2,624,592

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	68,778
2020	(231,848)
2021	(648,626)
2022	(416,374)
2023	(130,537)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	June 30, 2018	June 30, 2017
Collective deferred outflows of resources	$1,988,215,695	$2,941,952,753
Collective deferred inflows of resources	4,286,994,294	3,262,432,093
Collective net pension liability	13,531,648,591	17,167,260,198
Town's Proportion	.05910127100%	.062199041700%

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25 Percent
Salary Increases:	
Through 2026	2.10-8.98 Percent (based on age)
Thereafter	3.10-9.98 Percent (based on age)
Investment Rate of Return	7.00 Percent

Mortality Rates

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

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.

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Long-Term 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 real 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity 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 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 June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension 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 pension 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:

	June 30, 2018		
	1% Decrease 5.51%	At Current Discount Rate 6.51%	1% Increase 7.51%
Town's proportionate share of the pension liability	$11,081,848	$7,997,376	$5,472,903

NOTE 2. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Special Funding Situation - PFRS

Under N.J.S.A. 43:16A-15, the Town is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions 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 Town by the State 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 nonemployer contributing entity. Accordingly, the Town's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2018 and 2017, the State proportionate share of the net pension liability attributable to the Town for the PFRS special funding situation is $1,086,311 and $1,075,542, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Town for the PFRS special funding situation is $128,672 and $131,563, respectively, which is more than the actual contributions the State made on behalf of the Town of $64,336 and $53,782, respectively. The State's proportionate share attributable to the Town was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Town's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

NOTE 3. LONG-TERM DEBT

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

	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018	Amounts Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	$	$19,150,000	$	$19,150,000	$600,000
Total Bonds Payable		19,150,000		19,150,000	600,000
Other Liabilities:					
Deferred PERS/PFRS Pension Contribution	156,364		18,952	137,412	20,728
Green Acres Loan Obligation Debt	120,590		33,601	86,989	34,277
Total Other Liabilities	276,954		52,553	224,401	55,005
	$276,954	$19,150,000	$52,553	$19,374,401	$655,005

	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017	Amounts Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	$115,000	$	$115,000	$	$
Total Bonds Payable	115,000		115,000		
Other Liabilities:					
Deferred PERS/PFRS Pension Contribution	173,385		17,021	156,364	18,952
Green Acres Loan Obligation Debt	153,530		32,940	120,590	33,601
Total Other Liabilities	326,915		49,961	276,954	52,553
	$441,915	$	$164,961	$276,954	$52,553

NOTE 3. LONG-TERM DEBT, (continued)

Summary of Municipal Debt (Excluding Current Operating Debt)

	2018	2017	2016
Issued-general-bonds, loans and notes	$19,236,989	$21,095,590	$19,787,795
Authorized but not issued-general-bonds and notes	5,811,705	3,335,178	2,828,553
	25,048,694	24,430,768	22,616,348
Less funds on hand to pay debt and other deductions	2,213,870	3,190,990	1,344,035
Net bonds and notes issued and authorized but not issued	$22,834,824	$21,239,778	$21,272,313

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.218% for 2018.

	Gross Debt	Deductions	Net Debt
General debt	$25,048,694	$2,213,870	$22,834,824
School debt	-0-	-0-	-0-
	$25,048,694	$2,213,870	$22,834,824

Net debt of $22,834,824 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of $1,029,493,083 equals 2.218%.

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.201% for 2017.

	Gross Debt	Deductions	Net Debt
General debt	$24,430,768	$3,190,990	$21,239,778
School debt	-0-	-0-	-0-
	$24,430,768	$3,190,990	$21,239,778

Net debt of $21,239,778 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of $965,149,634 equals 2.201%.

NOTE 3. LONG-TERM DEBT, (continued)

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

	2018	2017
3 ½% of equalized valuation basis (municipal)	$36,032,258	$33,780,237
Net Debt	22,834,824	21,239,778
Remaining borrowing power	$13,197,434	$12,540,459

The Town's long-term debt consisted of the following at December 31, 2018 and 2017:

Paid by Current Fund:

	2018	2017
$19,150,000 General Obligation Bonds, due in annual installments of $600,000 to $1,190,000 through August 2042, interest at 3.00%-5.00%	$19,150,000	$ -0-
	$19,150,000	$ -0-

General capital serial bonds are direct obligations of the Town for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Town.

At December 31, 2018 and 2017, the Town had authorized but not issued debt as follows:

	2018	2017
General Capital Fund	$5,811,705	$3,335,178

NOTE 4. INTERGOVERNMENTAL LOAN PAYABLE

The Town has entered into a loan agreement with the State of New Jersey for the financing relating to the development of recreation facilities. Aggregate Green Acres Loan payment requirements is as follows:

Year	Total	Principal	Interest
2019	$35,846	$34,277	$1,569
2020	35,846	34,966	880
2021	17,924	17,746	178
	$89,616	$86,989	$2,627

NOTE 5. BOND ANTICIPATION NOTES

The Town issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally such notes must be paid no later than the tenth anniversary of the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2018 and 2017, the Town had $-0- and $20,975,000, respectively, in outstanding General Capital Fund bond anticipation notes.

	Balance Dec. 31, 2017	Additions	Reductions	Balance Dec. 31, 2018
General Capital Notes Payable				
Roosevelt & Cross, Inc.	$	$21,841,000	$21,841,000	$0
Depository Trust Company, NY	20,975,000	0	20,975,000	0
	$20,975,000	$21,841,000	$42,816,000	$0

	Balance Dec. 31, 2016	Additions	Reductions	Balance Dec. 31, 2017
General Capital Notes Payable				
Janney Montgomery Scott, LLC	$	$	$	$0
Depository Trust Company, NY		20,975,000		20,975,000
Oppenheimer & Company	19,519,265		19,519,265	0
	$19,519,265	$20,975,000	$19,519,265	$20,975,000

NOTE 6. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2018 and 2017 which as been appropriated as revenue in the 2019 and 2018 budgets is as follows:

	2019	2018
Current Fund	$2,000,000	$1,700,000

NOTE 7. ACCRUED SICK AND VACATION BENEFITS

The Town no longer permits employees to accrue unused sick and vacation pay; therefore, there is no liability for unpaid compensation at December 31, 2018.

NOTE 8. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2018 and 2017, $-0- of the Town's bank balance of $13,191,741 and $16,058,080, respectively, was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Town 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. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the municipality or bonds or other obligations of the local unit or units within which the municipality is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer.

NOTE 9. FIXED ASSETS

The following is a summary of charges in the General Fixed Assets Account Group as of December 31, 2018 and 2017:

	Balance December 31, 2017	Additions	Retirements	Balance December 31, 2018
Land	$1,817,400	$	$	$1,817,400
Building	3,378,500			3,378,500
Equipment	2,085,522	464,544	228,330	2,321,736
	$7,281,422	$464,544	$228,330	$7,517,636

	Balance December 31, 2016	Additions	Retirements	Balance December 31, 2017
Land	$1,817,400	$	$	$1,817,400
Building	3,378,500			3,378,500
Equipment	1,610,614	607,920	133,012	2,085,522
	$6,806,514	$607,920	$133,012	$7,281,422

NOTE 10. DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2018 consist of the following:

$2,320	Due to the Current Fund from the Animal License Trust Fund for the current year's statutory excess calculation and interest earnings not turned over.
288	Due to the Current Fund from the Community Development Trust Fund for interest earnings.
21,943	Due to the Current Fund from the Redemption Trust Fund for interest earned and tax collections deposited in error.
2,373	Due from the Other Trust Fund from the Current Fund to correct deposit errors less interest earnings.
136	Due to the Current Fund from the Escrow Trust Fund for interest earnings.
283,392	Due to the Current Fund from the General Capital Fund for unexpended debt service appropriations transferred, budget revenue and interest earnings less grant receipts received.
14,092	Due to the Federal and State Grant Fund from the Current Fund for grant monies received less expenditures made.
$324,544	

It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 11. OTHER POST RETIREMENT BENEFITS (OPEB)

In addition to the pension described in Note 2, the Town provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

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. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. 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 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.

NOTE 11. OTHER POST RETIREMENT BENEFITS (OPEB), (continued)

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

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provides 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.

Total OPEB Liability

At December 31, 2018, the Town had a liability of $14,068,623 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2018 the Town's proportion was 0.08980 percent.

For the year ended December 31, 2018, the Town recognized OPEB expense of $35,563. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$	$2,856,432
Changes of assumptions		3,568,691
Net difference between projected and actual earnings on OPEB plan investments	7,435	
Changes in proportion		3,348,970
Total	$7,435	$9,774,093

NOTE 11. OTHER POST RETIREMENT BENEFITS (OPEB), (continued)

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	$(942,352)
2020	(942,352)
2021	(942,352)
2022	(943,138)
2023	(944,407)
Thereafter	(1,703,086)

Changes in Proportion

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

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 , which was rolled forward to June 30, 2017. 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.

Inflation rate	2.50%
Salary increases*:	
Through 2026	1.65 - 8.98%
Thereafter	2.65 - 9.98%

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

NOTE 11. OTHER POST RETIREMENT BENEFITS (OPEB), (continued)

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 Health 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.

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the Division. 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 that 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 Town's proportionate share of the net OPEB liability as of June 30, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

NOTE 11. OTHER POST RETIREMENT BENEFITS (OPEB), (continued)

	June 30, 2018		
	1% Decrease 2.87%	At Current Discount Rate 3.87%	1% Increase 4.87%
Town's proportionate share of Net OPEB liability	$16,506,214	$14,068,623	$12,121,539

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the Town's proportionate share of the net OPEB liability as of June 30, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Town's proportionate share of Net OPEB liability	$11,735,487	$14,068,623	$17,088,047

NOTE 12. CONTINGENT LIABILITIES

A. Grants

The Town received financial assistance from the State of New Jersey and the U.S. Government in the form of grants and revenue sharing entitlements. 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. During 2015, the Town is subject to the requirements of the Single Audit Act Amendments of 1996 which mandated that all Federal grant revenues and expenditures be audited in conjunction with a municipal audit. In addition, substantially all State grants, entitlements and cost reimbursements are subject to financial and compliance audits by the grantors.

NOTE 12. CONTINGENT LIABILITIES, (continued)

B. Other Litigation

The Town is involved in several other claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Town.

NOTE 13. ECONOMIC DEPENDENCY

The Town receives a substantial amount of its support from Federal and State governments. A significant reduction in the level of support, if this were to occur, may cause an increase in the local tax rate, and could also have a detrimental effect on the level of service that the Town would be able to provide.

NOTE 14. NORTH HUDSON REGIONAL FIRE AND RESCUE

Second Amended and Restated Consolidated Municipal Services Agreement for the Formation of a Joint Meeting Pursuant to N.J.S.A. 40:48B-1 et seq., known as North Hudson Regional Fire and Rescue (the "Agreement")

Background of the Agreement

On December 30, 1998, the Town adopted a resolution approving it to enter into a joint contract with the municipalities of North Bergen, Union City, Weehawken and West New York (the "Other Municipalities"), in order to form a joint meeting pursuant to the Consolidated Municipal Services Act, N.J.S.A. 40:48B-1 et seq. (the "Act"). The entity created by the formation of this joint meeting is known as the North Hudson Regional Fire and Rescue (the "NHRFR"), which is a public body, corporate and politic, constituting a political subdivision of the State of New Jersey, having all powers and authorities permitted by the Act. The purpose of the NHRFR is to provide for the joint operation of fire protection, rescue and emergency services, and other related governmental services.
The NHRFR was in effect from October 1, 1998, as the Other Municipalities had already formed the Agreement before the Town entered on December 30, 1998. The term of the Agreement expires September 30, 2023, but may be subject to earlier termination pursuant to the Act. The operations of the NHRFR commenced on January 1, 1999. The NHRFR is governed by a five member management committee, consisting of one representative from each municipality, and this committee may appoint one or two executive director(s), and other such officers, employees and counsel as it deems necessary. A municipality's admission to or withdrawal from the NJFRF requires four votes from the management committee.

NOTE 14. NORTH HUDSON REGIONAL FIRE AND RESCUE, (continued)

Required Contributions by the Town

The Town adopted an ordinance on December 30, 1998, authorizing the sale, lease transfer, conveyance or other disposition of and improvement of real and personal property to the NHRFR, pursuant to New Jersey Statutes. The Town has agreed to convey two parcels of its real property, the value of which will be determined by a qualified appraiser. The Town had also agreed to convey four items of its personal property, which consist of vehicles with an aggregate minimum purchase price of $341,000. The estimated proceeds of all property conveyed, real and personal, was approximately $1,000,000.

The Town was required to contribute $1,500,000 annually to the NHRFR. This annual contribution is subject to an increase based on the percentage of increase of the total fire and rescue related appropriations over the base year (SFY 1998) of the Other Municipalities. The Agreement also contains provisions for cost and budget balance allocations, and a growth value adjustment to be made in calendar year 2001, but these provisions do not pertain to the Town. As of December 31, 2018, the town budgeted $2,950,000 and contributed $2,697,707.

NOTE 15. TAXES COLLECTED IN ADVANCE

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

	Balance December 31, 2018	Balance December 31, 2017
Prepaid Taxes	$277,846	$1,024,946
Cash Liability for Taxes Collected in Advance	$277,846	$1,024,946

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 16. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018 the following deferred charges are shown on the balance sheet of the various funds:

	Balance December 31, 2018	2019 Budget Appropriation	Balance to Succeeding Year's Budget
Trust Fund:			
Overexpenditure of Public Defender Reserve	$4,737	$4,737	$ -0-
Total Trust Fund	$4,737	$4,737	$ -0-

NOTE 17. RISK MANAGEMENT

The Town of Guttenberg is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has obtained insurance coverage to guard against these events which will provide minimum exposure to the Town should they occur. During the year ended December 31, 2018, the Town did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Town of Guttenberg is a member of the New Jersey Intergovernmental Insurance Fund (the "NJIIF"). The NJIIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability and workers' compensation insurance coverage for member municipalities. The Town of Guttenberg pays an annual assessment to the NJIIF and should it be determined that payments received by the NJIIF are deficient, additional assessments may be levied.

The NJIIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be sued to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The NJIIF provides Property coverage (i.e. Boiler and Machinery, Flood, Valuable Papers, etc.) to its members by participating in a state-wide joint purchase program.

NOTE 17. RISK MANAGEMENT, (continued)

Financial statements for the Funds are available at the office of the Funds' Executive Director, New Jersey Intergovernmental Insurance Fund.

The Town of Guttenberg continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 18. SUBSEQUENT EVENT

The Town has evaluated subsequent events through May 31, 2019, the date which the financial statements were available to be issued, and besides the item described below, no other items were noted for disclosure.

NOTE 19. DEFALCATION OF FUNDS

During 2016, a defalcation was discovered concerning certain members of the Department of Public Works and the collection of monies from the Town's parking meters. This alleged defalcation is currently being prosecuted by the Police Department and Hudson County Prosecutor's Office. The amount of the alleged theft is undetermined at this time.

SUPPLEMENTARY DATA

TOWN OF GUTTENBERG

Supplementary Data

Official in Office and Surety Bonds

The following officials were in office during the period under audit:

Name	Title	Amount of bond	Name of corporate surety
Wayne Zitt	Mayor		
Alfonso Caso	Councilman		
Donna Florio	Councilwoman		
Richard Delafuente	Councilman		
Monica Fundora	Councilwoman		
John D. Habermann	Councilman		
Michael Jimenez	Town Attorney		
Cosmo Cirillo	Town Administrator		
Vincent Buono	Chief Financial Officer	1,000,000	(A)
Nicholas Goldsack	Tax Collector/Treasurer	1,000,000	(A)
Alberto Cabrera	Town Clerk	1,000,000	(A)
Ann Setliff	Deputy Tax Collector	1,000,000	(A)
Ashley Mazure	Court Administrator	1,000,000	(A)
Bleydeliz Collado	Deputy Court Administrator	1,000,000	(A)
Maria Rodriguez	Violations Clerk	1,000,000	(A)
Martha Martinez	Violations Clerk	1,000,000	(A)

(A) Coverage provided through the Garden State Municipal Joint Insurance Fund. Coverage is provided up to $1,000,000 per occurrence.

TOWN OF GUTTENBERG

Supplementary Data

Comparative Schedule of Tax Rate Information

	2018	2017	2016
Tax rate	3.727	3.675	3.650
Apportionment of tax rate:			
Local school	1.407	1.416	1.412
County	0.603	0.592	0.606
Municipal	1.717	1.667	1.632

Year Ended December 31,	Assessed Valuation
2018	$ 788,947,145
2017	787,777,940
2016	794,207,080

Comparison of Tax Levies and Collections Currently

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

Year Ended December 31,	Tax Levy	Cash Collections	Percentage of Collections
2018	$ 29,596,600	27,723,637	93.67%
2017	29,203,146	27,616,480	94.57%
2016	28,893,114	27,274,089	94.40%

TOWN OF GUTTENBERG

Supplementary Data

Delinquent Taxes and Tax Title Liens

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

Year Ended December 31,	Amount of tax title liens	Amount of delinquent taxes	Total delinquent	Percentage of tax levy
2018	116,456	2,000,145	2,116,601	7.15%
2017	80,591	1,714,104	1,794,695	6.15%
2016	6,701	1,756,254	1,762,955	6.10%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2018 by foreclosure or deed, as a result of liquidation of tax title liens.

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

Year		Amount
2018	$	None
2017		None
2016		None

Comparative Schedule of Fund Balances

	Year Ended December 31,		Year ended	Utilized in budget of succeding year
Current Fund:	2018	$	6,946,609	2,000,000
	2017		7,043,583	1,700,000
	2016		6,389,489	1,702,073
	2015		5,265,949	1,051,000
	2014		3,894,960	1,300,000

TOWN OF GUTTENBERG

Schedule of Expenditures of Federal Awards

Year ended December 31, 2018 and 2017

Federal grantor	Program	CFDA number	FAIN number	Grant or State Project number	Grant period	Award Amount	Cash Received	Expenditures	Adjustment/ Cancelled		(MEMO) Cumulative Expenditures
Current Fund:											
Department of Transportation	State and Community Highway Safety										
	National Highway Traffic Safety Program										
	Alcohol Impaired Driving Countermeasures Incentive Grant										
	Drive Sober or Get Pulled Over	20.601			2015	5,000	$			*	5,000
	Drive Sober or Get Pulled Over	20.601			2016	5,000				*	2,836
	Drive Sober or Get Pulled Over	20.601			2016	5,000				*	5,000
	Drive Sober or Get Pulled Over	20.601			2018	5,500	3,217	3,217		*	3,217
	Safety Restraint Program Management									*	
	Click it or Ticket	20.600			2018	5,500	4,400	4,400		*	4,400
										*	
National Endowment for the Arts	Promotion of the Arts Partnership Agreements	45.024			9/1/17-9/30/18	25,000		7,180		*	7,180
										*	
Department of Agriculture	Summer Food Program	10.559			2014	23,703		3,329		*	23,005
	Summer Food Program	10.559			2016	23,703				*	19,042
	Summer Food Program	10.559			2017	40,455			(5,048) (2)	*	18,524
	Summer Food Program	10.559			2018	24,195	24,195	17,581		*	17,581
										*	
	Total Federal and State Grant Fund						31,812	35,707	(5,048)	*	
										*	
Trust Funds:										*	
U.S. Department of Justice	Equitable Sharing Program	16.922			2018		4		365 (1)	*	
										*	
U.S. Department of Treasury	Equitable Sharing Program	21.016			2018		4		388 (1)	*	
										*	
	Total Trust Funds						8		753	*	
										*	
General Capital Fund:										*	
Department of Homeland Security	Federal Emergency Management									*	
	Acquisition/Installation of a Generator -									*	
	Ord. 7-2016, HMPG-DR-4086-NJ-0123	97.039				207,854	159,048	21,631		*	159,048
										*	
Community Development Block Grant Trust Fund:										*	
Department of Housing and Urban Development										*	
(passed through County of Hudson):	Community Development Block Grant:									*	
	3-03J1-18 Sewer Improvements	14.218			2018	72,000				*	
	3-03K1-17 70th Street Improvements			Ord. 22-2017	2017-18	67,000				*	
										*	
	Total Community Development Trust Fund									*	
										*	
Total Federal Financial Assistance							$ 190,868	57,338	(4,295)	*	

Note: This schedule was not subject to an audit in accordance with the Uniform Guidance.
(1) - Adjustment was made to account for prior year beginning balance
(2) - Refund to Grantor for grant proceeds advanced in excess of expenditures

TOWN OF GUTTENBERG

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2018 and 2017

State grantor	Program	Grant number	Grant period	Award Amount	Cash Received	Budgetary Expenditures		(MEMO) Cumulative Expenditures
Federal and State Grant Fund:								
Department of Commerce & Economic Development	Urban Enterprise Zone Assistance Fund		2011	$ 24,038			*	23,588
							*	
Department of Community Affairs Office of Recreation	Recreation Opportunities for Individuals with Disabilities		2018	16,666			*	
Office of the Attorney General	Community Policing Initiative - Tarantino Grant		2018	4,747			*	
Department of Environmental Protection	Recycling Tonnage Grant	042-4900-752-001	2017				*	
	Recycling Tonnage Grant	042-4900-752-001	2016	13,001		9,873	*	9,873
	Clean Communities Program	042-4900-765-004	2018	15,528	15,528	817	*	
	Clean Communities Program	042-4900-765-004	2017	16,217		5,594	*	5,594
	Clean Communities Program	042-4900-765-004	2016	19,089		3,493	*	17,969
	Clean Communities Program	042-4900-765-004	2005-06	7,530			*	7,530
					15,528	19,777	*	
Department of Law and Public Safety	Body Armor Grant	066-1020-718-001	2017	2,428		668	*	668
	Body Armor Grant	066-1020-718-001	2016	2,425			*	
	Body Armor Grant	066-1020-718-001	2015	2,436			*	
	Highway Safety		2006-07	1,945			*	1,555
Department of Law and Public Safety	Drunk Driving Enforcement Fund	1110-448-031020-22	2012	6,899			*	3,866
						668	*	
County of Hudson (1)	Municipal Alliance		2019-2020	9,655			*	
			2018-2019	9,655			*	
			Match	2,414	2,414		*	
	Municipal Alliance Grant Fund	100-082-2000-044	2017-18	9,655	9,655	9,655	*	9,655
			Match	2,414			*	
			Match	2,414			*	357
					12,069	9,655	*	

Schedule 2

TOWN OF GUTTENBERG

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2018 and 2017

State grantor	Program	Grant number	Grant period	Award Amount	Cash Received	Budgetary Expenditures	(MEMO) Cumulative Expenditures
Administrative Offices of the Courts	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2018	6,078	6,078		
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2017	4,439		300	300
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2016	3,505			
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2015	2,711			
					6,078	300	
	Total State and Federal Grant Fund				33,675	30,400	
General Capital Fund:							
Department of Transportation							
State Aid Highway Projects							
Highway Planning and Construction	Municipal Aid - Broadway & Bellevue Ave - Ord. 22-2017		2017	240,000			
	Municipal Aid - Broadway & Bellevue Ave - Ord. 22-2017		2016	215,000			
Department of Environmental Protection	Green Acres Program - Waterfront Park Imp. - Ord. 18-2012		2012	62,263			62,263
	Green Acres Program - Waterfront Park Imp. - Ord. 6-2008		2007-08	155,000			155,000
Department of Education	Section 15 Educational Facilities Financing Act Grant Construction of Building & Imps. To the Anna L. Klein School for Community, Recreational and Educational Purposes	Ord. 2-2012	2012	3,651,737	2,008,455		3,651,737
	Total General Capital Fund				2,008,455		
Total State Financial Assistance					$ 2,042,130	30,400	
Other Financial Assistance:							
FM Global Fire Prevention Grant				1,000	1,000		
Hudson County Open Space	PI-15-14 Community Center			300,000	25,000		
	Renovations to Monument Park			164,537		89,641	89,641
	Renovations to Veteran's Park			500,000		19,750	19,750
	Total Other Financial Assistance				26,000	109,391	
Total State and Other Financial Assistance					$ 2,068,130	139,791	

Note: This schedule was not subject to an audit in accordance with N.J. OMB 2015-08.

(1) - Passed through the State of New Jersey

Exhibit A-4

TOWN OF GUTTENBERG

Schedule of Cash - Collector/Treasurer

Current Fund

Year Ended December 31, 2018

		Regular Fund	Federal and State Grant Fund
Balance - December 31, 2017	$	9,406,006	148,729
Increased by receipts:			
Revenue accounts receivable		2,732,552	
Miscellaneous revenues not anticipated		375,174	
Taxes receivable		28,066,086	
Senior citizens and veterans deductions		15,555	
Prepaid Taxes		277,846	
Interfunds		277,964	
Due to Federal and State Grant Fund		3,217	
Tax Overpayments		117,389	
Various Reserves		5,691	
Grants Receivable			53,242
Due to Current Fund			1,535
Unappropriated reserves			7,614
		31,871,474	62,391
		41,277,480	211,120
Decreased by disbursements:			
2018 budget appropriations		15,952,085	
2017 appropriation reserves		285,204	
Tax overpayment refunds		25,322	
Local district school tax		11,192,083	
County taxes		4,748,819	
County added taxes		41,129	
Various Reserves		105,358	
Interfunds		299,848	
Due to Current Fund			4,163
Appropriated Reserves			49,686
Due to State - Grant Overpayment			5,048
		32,649,848	58,897
Balance, December 31, 2018	$	8,627,632	152,223

Exhibit A-5

TOWN OF GUTTENBERG

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2018

Year	Balance, Dec. 31,	2018 Levy	Added 2018 Levy	Collected 2017	Collected 2018	Senior & Veteran's Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2018
2011	$ 4,400								4,400
2012	39,783								39,783
2013	143,259								143,259
2014	13,754								13,754
2015	9,457								9,457
2017	1,503,451				1,453,316			41,517	8,618
	1,714,104				1,453,316			41,517	219,271
2018		29,404,062	192,538	1,024,946	26,681,441	17,250	35,865	56,224	1,780,874
	$ 1,714,104	29,404,062	192,538	1,024,946	28,134,757	17,250	35,865	97,741	2,000,145

Overpayments Applied	68,671
Cash Receipts	28,066,086
	$ 28,134,757

Analysis of 2018 Tax Levy

Tax yield:	
General property tax	$ 29,404,062
Added tax (R.S.54:4-63.1 et seq.)	192,538
	$ 29,596,600
Tax levy:	
Local district school tax (abstract)	$ 11,099,825
County tax (abstract)	4,779,924
Local tax for municipal purpose (abstract)	13,547,563
Additional tax levies	169,288
	$ 29,596,600

Exhibit A-6

TOWN OF GUTTENBERG

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, 2017	Accrued in 2018	Collected	Balance, Dec. 31, 2018
Clerk:				
Licenses:				
Alcoholic beverages	$	43,000	43,000	
Other		191,480	191,480	
Fees and permits		129,015	129,015	
Construction Code Official-fees and permits		133,950	133,950	
Municipal Court fines and costs	51,744	655,370	661,889	45,225
Parking meters		291,183	291,183	
Interest and cost on taxes		264,343	264,343	
Interest on investments		168,701	168,701	
Consolidated Municipal Property Tax Relief		166,205	166,205	
Energy Receipts Tax		592,570	592,570	
Time Warner		47,852	47,852	
Verizon		150,000	150,000	
Capital Fund Balance		59,445	59,445	
	$ 51,744	2,893,114	2,899,633	45,225

Interest on Investments	17,006
Due from Other Trust Fund	75
Due from General Capital	150,000
Cash	2,732,552
	$ 2,899,633

Exhibit A-7

TOWN OF GUTTENBERG

Schedule of Due from State of New Jersey
Senior Citizens' and Veterans' Deductions

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	25,662
Increased by:		
Senior citizens' and veterans' deductions per tax billings		17,250
		42,912
Decreased by:		
Cash received		15,555
Balance - December 31, 2018	$	27,357

Exhibit A-8

Schedule of (Prepaid) and Local District School Taxes Payable

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	46,129
Increased by:		
2018 Levy		11,099,825
		11,145,954
Decreased by:		
Cash Disbursed		11,192,083
Balance - December 31, 2018	$	(46,129)

Exhibit A-9

TOWN OF GUTTENBERG

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2018

Increased by:		
County Tax Levy	$	4,748,819
Decreased by:		
Cash Disbursed	$	4,748,819

Exhibit A-10

Schedule of Due County for Added and Omitted Taxes

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	41,129
Increased by:		
2018 Added Levy		31,105
		72,234
Decreased by:		
Cash Disbursed		41,129
Balance - December 31, 2018	$	31,105

Exhibit A-11

TOWN OF GUTTENBERG, N.J.

Schedule of 2017 Appropriation Reserves

Current Fund

Year Ended December 31, 2018

		Balance, Dec. 31, 2017	Balance after Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":					
Administrative and Executive	$	132	132		132
Financial Administration		89	89		89
Collection of Taxes		750	750		750
Assessment of Taxes		4	4		4
Municipal Court		79	79		79
Planning Board		64	64		64
Police		754	4		4
Fire Inspector		235	235		235
Streets and Roads		666	666		666
Recreation		33	33		33
Senior Citizens Nutrition Program		696	696		696
Uniform Construction Code		478	478		478
License Inspector		4	4		4
Total Salaries and Wages Within "CAPS"		3,984	3,234		3,234
Other Expenses Within "CAPS":					
Administrative and Executive		2,099	21,625	20,839	786
Elections		1	1		1
Financial Administration		14,523	19,265	19,183	82
Collection of Taxes		726	3,148	3,148	
Assessment of Taxes		14	3,148	3,148	
Municipal Court		2,296	1,308	928	380
Legal Services		21,372	18,722	18,682	40
Public Buildings and Grounds		1,561	15,753	15,753	
Engineering		1,012	14,555	14,554	1
Planning Board		90	90		90
Community Action Programs		10,500			
Group Insurance for Employees		336	336		336
Insurance - Other		1,315	2,681	1,304	1,377
Insurance/Deductible		58,000			
Police		5,573	39,789	36,624	3,165
Emergency Management		72	72		72
Weehawken Volunteer Ambulance		15,325	10,335	10,335	
Fire Inspector		171	395	320	75
Streets and Roads		9,089	20,779	19,810	969
Recycling		65	1,582	1,582	
Solid Waste & Garbage Removal		20,781	58,004	57,479	525
Snow Removal		14,669	27,819	7,630	20,189
Public Health Services		68	68		68
Recreation		895	15,970	15,720	250
Celebration of Public Events		1,873	18,757	17,154	1,603
Senior Citizens Nutrition Program		29	29		29
Senior Citizens Transportation		39	39		39
Senior Recreation Program		60	1,152	1,092	60

Exhibit A-11

TOWN OF GUTTENBERG, N.J.

Schedule of 2017 Appropriation Reserves

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, 2017	Balance after Transfers	Paid or Charged	Balance Lapsed
Uniform Construction Code	1,048	1,695		1,695
Electricity	37	7,841	7,840	1
Street Lighting	25	2,300	2,300	
Telephone	818	917		917
Water	999	49		49
Fire Hydrant Service	5	5		5
Sewerage	164	164		164
Gasoline	6,267	6,267	5,742	525
Postage - All Departments	1,719	2,043	2,042	1
Technology	4,784	2,079	1,995	84
Contingent	6,125	6,125		6,125
Total Other expenses Within "CAPS"	204,545	324,907	285,204	39,703
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security (O.A.S.I.)	5	5		5
Total Deferred Charges and Statutory Expenditures Within "CAPS"	5	5		5
Total Reserves Within "CAPS"	208,534	328,146	285,204	42,942
Other Expenses Excluded From "CAPS":				
911 - Other Expenses	1,823	1,823		1,823
Stormwater Management	13,090	10,402		10,402
North Hudson Regional Communication	8,200	8,200		8,200
North Hudson Regional Fire and Rescue	262,130	262,130		262,130
Library Services-North Bergen	43	43		43
Total Other Expenses Excluded from "CAPS"	285,286	282,598		282,598
Total Reserves Excluded from "CAPS"	285,286	282,598		282,598
Total Reserves	$ 493,820	610,744	285,204	325,540

Appropriation reserves	493,820
Encumbrances	116,924
	$ 610,744

Cash Disbursements	285,204
	$ 285,204

Exhibit A-12

TOWN OF GUTTENBERG

Schedule of Reserve for Encumbrances

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	116,924
Increased by:		
2018 Encumbrances		48,750
		165,674
Decreased by:		
Transferred to appropriation reserves		116,924
Balance - December 31, 2018	$	48,750

Exhibit A-13

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017			$	77,804
Increased by:				
Cash Receipts				117,389
				195,193
Decreased by:				
Cash Disbursements	$	25,322		
Liabilities Cancelled		30,067		
Overpayments Applied		68,671		
				124,060
Balance - December 31, 2018			$	71,133
		2017 Overpayments		16,047
		2018 Overpayments		55,086
			$	71,133

Exhibit A-14

TOWN OF GUTTENBERG

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	1,024,946
Increased by:		
Prepaid Taxes Collected		277,846
		1,302,792
Decreased by:		
Applied to 2018 Taxes		1,024,946
Balance - December 31, 2018	$	277,846

Exhibit A-15

Schedule of Amount Due to the Hudson County Treasurer - Court Fines and Costs

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	6,764
Balance - December 31, 2018	$	6,764

Exhibit A-16

TOWN OF GUTTENBERG

Schedule of Interfunds Due from/(to) Other Funds

Current Fund

Year Ended December 31, 2018

		Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
Trust Funds:					
Animal License Trust Fund	$	1,583	2,394	1,657	2,320
CDBG Trust Fund		593	288	593	288
Other Trust Fund - Redemption Account		(2,047)	28,165	4,175	21,943
Other Trust Fund		(200)	13,923	16,096	(2,373)
Escrow Trust Fund		99	136	99	136
General Capital Fund		20,855	484,031	221,494	283,392
Payroll Agency Account		85,000		85,000	
Net Payroll Account		2,745		2,745	
Federal and State Grant Fund		2,746	17,956	34,794	(14,092)
	$	111,374	546,893	366,653	291,614

		Increased	Decreased
Interfunds Returned - Cash Receipts	$		110,875
Cash Receipts			167,089
Budget Appropriations - Match			27,414
Cash Disbursements		16,421	
Interfunds Advanced - Cash Disbursements		283,427	
Budgeted Revenue		150,000	
Deposit errors		26,194	
Statutory Excess		2,313	
Interest Earned		68,538	61,275
	$	546,893	366,653

Exhibit A-17

TOWN OF GUTTENBERG

Schedule of Due from/(to) Current Fund

Federal and State Grant Fund

Year Ended December 31, 2018

Balance - December 31, 2017			$	(2,746)
Increased by:				
Reimbursement of Expenditures	$	16,421		
Interest on Investments		1,535		
				17,956
				(20,702)
Decreased by:				
Cash Disbursements		4,163		
Grant receipts		3,217		
Matching Funds		27,414		
				34,794
Balance - December 31, 2018			$	14,092

Exhibit A-18

TOWN OF GUTTENBERG

Schedule of Various Reserves

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, 2017	Increased	Decreased	Balance, Dec. 31, 2018
Reserve for:				
Pension Deferral	$ 228,137			228,137
Revaluation	17,130			17,130
Library Contribution - North Bergen	20,554			20,554
State Library Aid	6,419			6,419
Tax Appeals	238,608	2,406	32,193	208,821
DCA Fees Payable	1,694	5,691	7,385	
Outside Liens	65,780		65,780	
	$ 578,322	8,097	105,358	481,061

	Increased	Decreased
Cash Receipts	5,691	
Cash Disbursements		105,358
Transfer from 2018 Budget Appropriations	2,406	
	$ 8,097	105,358

Exhibit A-19

TOWN OF GUTTENBERG

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	80,591
Increased by:		
Transferred from taxes receivable		35,865
Balance - December 31, 2018	$	116,456

Exhibit A-20

TOWN OF GUTTENBERG

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2018

Purpose		Balance, Dec. 31, 2017	2018 Budget Revenue Realized	Received	Cancelled	Balance, Dec. 31, 2018
Clean Communities	$	640	15,528	15,528		640
Drunk Driving Enforcement Fund		3,033				3,033
Community Forestry Grant		3,000			(3,000)	
Urban Enterprise Zone - Remaining Balance		4,490				4,490
Municipal Alliance		9,655	19,310	9,655	(9,655)	9,655
Summer Food Program			17,581	17,581		
Recreation Opportunities for Individuals with Disabilities			16,666			16,666
National Endowment for the Arts - Promotion of the Arts Grant			25,000			25,000
ML Tarantino Community Policing Grant			4,747			4,747
Click it or Ticket			5,500	4,400	(1,100)	
Alcohol Education and Rehabilitation Grant			6,078	6,078		
Drive Sober or Get Pulled Over		125	5,500	3,217	(2,283)	125
	$	20,943	115,910	56,459	(16,038)	64,356

Due from Current Fund		3,217
Cash Receipts		53,242
	$	56,459

Exhibit A-21

TOWN OF GUTTENBERG

Schedule of Appropriated Grant Reserves

Federal and State Grant Fund

Year Ended December 31, 2018

Purpose	Balance, Dec. 31, 2017	Budget Appropriations	Expended	Cancelled	Balance, Dec. 31, 2018
Highway Safety Grant	$ 390				390
Summer Food Program	3,841		3,329		512
Community Forestry Grant	3,000			(3,000)	
Urban Enterprise Zone - Remaining Funds	449				449
Muncipal Alliance	9,655			(9,655)	
Municipal Alliance - Match	2,414				2,414
Municipal Alliance		19,310	9,655		9,655
Municipal Alliance - Match		2,414			2,414
Municipal Alliance - Match	1,757				1,757
Alcohol Education and Rehabilitation		6,078			6,078
Summer Food Program	186				186
Summer Food Program	7,601				7,601
Summer Food Program		17,581	17,581		
Body Armor Replacement Fund	373				373
Drive Sober or Get Pulled Over	2,164				2,164
Drive Sober or Get Pulled Over		5,500	3,217	(2,283)	
Recycling Tonnage Grant	10,030		9,873		157
Body Armor Replacement Fund	2,428		668		1,760
Clean Communities Grant	16,217		5,594		10,623
Clean Communities Grant	4,613		3,493		1,120
Clean Communities Grant		15,528	817		14,711
Alcohol Education and Rehabilitation Grant	3,741		300		3,441
Alcohol Education and Rehabilitation Grant	3,505				3,505
Alcohol Education and Rehabilitation Grant	2,711				2,711
National Endowment for the Arts - Promotion of the Arts Grant		25,000	7,180		17,820
ML Tarantino Policing Grant		4,747			4,747
Recreation Opportunities for Individuals with Disabilities		16,666			16,666
Click ir or Ticket		5,500	4,400	(1,100)	
	$ 75,075	118,324	66,107	(16,038)	111,254

Adopted Budget	44,902
Matching Appropriations	2,414
Added by N.J.S.A. 40A:4-87	71,008
	$ 118,324

Due to Current Fund	16,421
Cash Disbursements	49,686
	$ 66,107

Exhibit A-22

TOWN OF GUTTENBERG

Schedule of Unappropriated Grant Reserves

Federal and State Grant Fund

Year Ended December 31, 2018

Purpose	Balance, Dec. 31, 2017	Received	Balance, Dec. 31, 2018
Body Armor Replacement Fund	$ 2,425		2,425
Recycling Tonnage Grant	14,378		14,378
Summer Food Program		6,614	6,614
FM Global Fire Prevention Grant		1,000	1,000
	$ 16,803	7,614	24,417

Cash Receipts	7,614
	$ 7,614

Exhibit A-23

Schedule of Due to State - Overpayment of Grant

Federal and State Grant Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$ 5,048
Decreased by:	
Cash Disbursements	$ 5,048

Exhibit B-1

TOWN OF GUTTENBERG

Schedule of Cash - Treasurer

Trust Funds

Year Ended December 31, 2018

	Animal License Fund	Unemployment Compensation Fund	Community Development Block Grant	Other Trust Funds
Balance - December 31, 2017	$ 6,708	43,889	74,433	1,679,961
Increased by:				
Employee payroll deductions		9,703		
Budget Appropriation		25,000		
Dog License Fees	2,308			
State Fees	287			2,275
Interest earned on investments	81	556	288	16,030
Interfunds				26,194
Miscellaneous Reserves				1,503,618
	2,676	35,259	288	1,548,117
	9,384	79,148	74,721	3,228,078
Decreased by:				
State Fees	286			2,125
Interfunds	1,657		63,593	20,370
Animal license expenditures	301			
Unemployment Claims payable		33,365		
Miscellaneous Reserves				1,638,836
	2,244	33,365	63,593	1,661,331
Balance - December 31, 2018	$ 7,140	45,783	11,128	1,566,747

Exhibit B-2

TOWN OF GUTTENBERG

Schedule of Reserve for Expenditures

Animal License Fund

Year Ended December 31, 2018

Balance - December 31, 2017			$	5,074
Increased by:				
License Fees				2,308
				7,382
Decreased by:				
Reserve Expenditures	$	301		
Statutory Excess		2,313		
				2,614
Balance - December 31, 2018			$	4,768

Dog License Fees Collected		
2016		2,502
2017		2,266
	$	4,768

Exhibit B-3

TOWN OF GUTTENBERG

Schedule of Due to State of New Jersey-
Animal License Fees

Animal License Trust Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	51
Increased by:		
2018 Fees Collected		287
		338
Decreased by:		
Paid to State Treasurer		286
Balance - December 31, 2018	$	52

Exhibit B-4

Schedule of Community Development Block
Grants Receivable

Community Development Block Grant Trust Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	67,000
Increased by:		
Grant Awarded		72,000
Balance - December 31, 2018	$	139,000

Analysis of Balance		
70th Street Improvements - 3-03K1-17		67,000
2018 Sewer Improvements		72,000
	$	139,000

Exhibit B-5

TOWN OF GUTTENBERG

Schedule of Reserve for Community Development Block Grants Expenditures

Community Development Block Grant Trust Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	77,840
Increased by:		
Grant Awarded		72,000
Balance - December 31, 2018	$	149,840

Exhibit B-6

Schedule of Amount Due to State of New Jersey

Other Trust Funds

Year Ended December 31, 2018

Balance - December 31, 2017	$	1,804
Increased by:		
Cash Receipts		2,275
		4,079
Decreased by:		
Cash Disbursements		2,125
Balance - December 31, 2018	$	1,954

Analysis of Balance		
Marriage License Fees - 1st Quarter of 2015		600
Marriage License Fees - 3rd Quarter of 2015		25
Marriage License Fees - 4th Quarter of 2015		525
Marriage License Fees - 4th Quarter of 2017		550
DCA Fees		254
	$	1,954

Exhibit B-7

TOWN OF GUTTENBERG

Schedule of Interfunds

Trust Funds

Year Ended December 31, 2018

		Balance Due from/(to) Dec. 31, 2017	Increased	Decreased	Balance, from/(to) Dec. 31, 2018
Animal License Fund:					
Current Fund	$	(1,583)	2,394	1,657	(2,320)
Community Development Block Grant Fund:					
Current Fund		(593)	288	593	(288)
General Capital Fund		(63,000)		63,000	
Other Trust Fund:					
Escrow Trust - Current Fund		(99)	136	99	(136)
Current Fund - Redemption Account		2,047	28,165	4,175	(21,943)
Current Fund		200	13,923	16,096	2,373
	$	(63,028)	44,906	85,620	(22,314)

		Increased	Decreased
Cash Receipts	$	26,194	
Cash Disbursements			85,620
Statutory Excess		2,313	
Interest on Investments		16,399	
	$	44,906	85,620

Exhibit B-8

TOWN OF GUTTENBERG

Schedule of Miscellaneous Reserves

Other Trust Funds

Year Ended December 31, 2018

	Balance, Dec. 31, 2017	Increased	Decreased	Balance, Dec. 31, 2018
Reserve for:				
Tax Redemptions	$	852,647	808,148	44,499
Snow Removal	160,000	15,000		175,000
P.O.A.A.	22,379	7,924		30,303
Law Enforcement Trust	6,308	50,993	23,756	33,545
Recreation Trust	74,038	17,215	18,899	72,354
Annual Celebrations	5,090	7,750	2,377	10,463
Fire Prevention	8,954	3,230	1,105	11,079
Builders Escrow Deposits	62,472	89,498	78,388	73,582
Police Special Detail	178,205	225,435	158,364	245,276
Public Defender	(4,737)	8,365	419	3,209
Asset Forfeitures - Equitable Sharing				
Justice	365	4		369
Treasury	388	4		392
Senior Citizens	9,143	3,453	5,980	6,616
Tax Sale Premiums	1,157,700	222,100	541,400	838,400
	$ 1,680,305	1,503,618	1,638,836	1,545,087
Cash Receipts		1,503,618		
Cash Disbursements			1,638,836	
Deferred Charge - Public Defender Trust				
		$ 1,503,618	1,638,836	

Exhibit B-9

TOWN OF GUTTENBERG

Schedule of Reserve for Unemployment Compensation Insurance

Unemployment Insurance Compensation Trust

Year Ended December 31, 2018

Balance - December 31, 2017			$	43,889
Increased by:				
Employee Payroll Deductions	$	9,703		
Interest earnings		556		
Budget Appropriation		25,000		
				35,259
				79,148
Decreased by:				
Payment of Unemployment Insurance Claims				33,365
Balance - December 31, 2018			$	45,783

Exhibit C-2

TOWN OF GUTTENBERG

Schedule of Cash - Treasurer

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017		$ 4,381,233
Increased by receipts:		
Premium on Sale of Notes	$ 58,315	
Due to/(from) Current Fund	334,031	
Due from CDBG Trust Fund	63,000	
Grant Receipts	2,008,455	
Reserve for Payment of Debt	25,000	
General Obligation Bonds	20,210,000	
Bond Anticipation Notes	21,841,000	
		44,539,801
		48,921,034
Decreased by disbursements:		
Due to/(from) Current Fund	62,446	
Due from Board of Education	6,663	
Bond Anticipation Notes	42,816,000	
Improvement Authorizations	3,706,026	
		46,591,135
Balance - December 31, 2018		$ 2,329,899

Exhibit C-3

TOWN OF GUTTENBERG

Schedule of General Capital Fund Cash

General Capital Fund

Year Ended December 31, 2018

Capital Improvement Fund	$	1,185,758
Reserve for Payment of Notes		2,213,870
Grants Receivable - NJ Department of Transportation		(455,000)
Grant Receivable - Hudson County Open Space		(664,536)
Grant Receivable - State of NJ, Green Acres Program		(217,263)
Grant Receivable - State of NJ, Educational Facilities Construction		(182,587)
Reserve for Grants Receivable		1,302,123
Due to Current Fund		283,392
Due from Board of Education		(62,750)
Reserve for Green Acres		100
Fund Balance		491,655

	Improvement description		
6-2008/18-2012/ 26-2013/16-2014	Improvements to Waterfront Park		(23,315)
03-2010	Improvements to 71st Street		(27,438)
08-2011	Various Capital Improvements		(210,263)
2-2012	Construction of Building and Imps. to the Anna L. Klein School for Community, Recreational and Educational Purposes		(666)
17-2012/3-2013	Improvements to 68th Street, Sec. 4		45,778
25-2013	Various Street Improvements		60,149
27-2013	Sewer Repairs - Broadway & 70th Street		44,147
13-2014	Improvements to 69th Street		42,832
16-2015/26-2017	Various Capital Improvements		334,973
7-2016	Acquisition and Installation of a Generator		35,612
22-2017	70th Street Road and Related Sewer Imps.		58,579
08-2018	Construction of Building and Imps. to the Anna L. Klein School for Community, Recreational and Educational Purposes		(1,425,000)
20-2018	Renovation of Monument Park		(92,270)
21-2018	Renovations to Veteran's Park		(10,410)
25-2018	Sewer Improvements		23,614
28-2018	Construction of Building and Imps. to the Anna L. Klein School for Community, Recreational and Educational Purposes		(421,185)
		$	2,329,899

Exhibit C-4

TOWN OF GUTTENBERG

Schedule of Deferred Charges to Future Taxation - Funded

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	120,590
Increased by:		
Transferred from Deferred Charges - Unfunded		19,150,000
		19,270,590
Decreased by:		
Budget appropriations:		
Green Acres Loan		33,601
Balance - December 31, 2018	$	19,236,989

Exhibit C-5

TOWN OF GUTTENBERG

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2018

Ordinance number	Improvement description	Balance, Dec. 31, 2017	2018 Authorizations	Decreased by:	Balance, Dec. 31, 2018	Analysis of Balance December 31, 2018: Expenditures	Analysis of Balance December 31, 2018: Unexpended improvement authorization
18-2006	Various Capital Improvements	$ 220,595		220,595			
5-2008	Various Capital Improvements	178,322		178,322			
03-2010	Improvements to 71st Street, Sec. 4	27,438			27,438	27,438	
08-2011	Various Capital Improvements	210,263			210,263	210,263	
2-2012	Construction of Building and Improvements to the Anna L. Klein School for Community, Recreational and Educational purposes	19,366,666		19,366,000	666	666	
17-2012	Improvements to 68th Street, Section 4	125,519			125,519	16,601	108,918
26-2013	Improvements to Waterfront Park	23,750		23,750			
13-2014	Improvements to 69th Street	470,000		470,000			
16-2014	Improvements to Waterfront Park	209,000		97,333	111,667	23,315	88,352
16-2015	Various Capital Improvements	1,316,000		1,316,000			
26-2017	Various Capital Improvements	1,341,625		1,341,623	2		2
7-2016	Acquisition and Installation of a Generator	171,000		171,000			
22-2017	70th Street Road and Sewer Imps.	650,000		195,000	455,000		455,000
08-2018	Construction of Building and Improvements to the Anna L. Klein School for Community, Recreational and Educational purposes		1,425,000		1,425,000	1,425,000	
20-2018	Renovation of Monument Park		201,400		201,400	92,270	109,130
21-2018	Renovations to Veteran's Park		688,750		688,750	10,410	678,340
25-2018	Sewer Improvements		1,900,000		1,900,000		1,900,000
28-2018	Construction of Building and Improvements to the Anna L. Klein School for Community, Recreational and Educational purposes		666,000		666,000	421,185	244,815
		$ 24,310,178	4,881,150	23,379,623	5,811,705	2,227,148	3,584,557

Transferred to Deferred Charges - Funded	19,150,000
Funded through Premium on Bond Sale	1,060,000
Reserve for Payment of Notes/Debt	3,169,623
	$ 23,379,623

Improvement Authorizations - Unfunded	3,584,557

Exhibit C-6

TOWN OF GUTTENBERG

Schedule of Grants Receivable
Hudson County Open Space Trust Fund

General Capital Fund

Year Ended December 31, 2018

Increased by:		
Grant Awards	$	664,536
Balance - December 31, 2018	$	664,536

Analysis of Balance		
Ord. 20-2018		164,536
Ord. 21-2018		500,000
	$	664,536

Exhibit C-7

Schedule of Grants Receivable - State of New Jersey
Department of Transportation

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	455,000
Balance - December 31, 2018	$	455,000

Analysis of Balance		
Ord. 22-2017: 70th Street Road and related Sewer Imps.	$	455,000

Exhibit C-8

TOWN OF GUTTENBERG

Schedule of Grants Receivable - State of New Jersey
Green Acres Program

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	217,263
Balance - December 31, 2018	$	217,263

Analysis of Balance		
Ord. 6-2008/18-2012: Improvements to Waterfront Park	$	217,263

Exhibit C-9

Schedule of Grants Receivable - State of New Jersey
Section 15 Educational Facilities Construction
Financing Act Grant - Ord. 2-2012

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	2,191,042
Decreased by:		
Cash Receipts		2,008,455
Balance - December 31, 2018	$	182,587

Exhibit C-10

TOWN OF GUTTENBERG

Schedule of Grant Receivable - Federal Emergency Management Agency Acquisition and Installation of a Generator - Ord. 7-2016

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017			$	207,854
Decreased by:				
Due from Current Fund	$	159,048		
Cancelled - Project complete		48,806		
			$	207,854

Exhibit C-11

Schedule of Amount Due from the Guttenberg Board of Education

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	152,537
Increased by:		
Cash Disbursements - Community Center Project		6,663
		159,200
Decreased by:		
Charged to Improvement Authorizations		96,450
Balance - December 31, 2018	$	62,750

Exhibit C-12

TOWN OF GUTTENBERG

Schedule of Serial Bonds

General Capital Fund

Year Ended December 31, 2018

Purpose	Date of issue	Original issue	Maturities of bonds outstanding Date	Maturities of bonds outstanding Amount	Interest rate	Issued	Balance, Dec. 31, 2018
General Obligation Bonds	Jun. 7, 2018	19,150,000	Aug. 1, 2019	600,000	3.00%	$ 19,150,000	19,150,000
			Aug. 1, 2020	605,000	4.00%		
			Aug. 1, 2021	605,000	5.00%		
			Aug. 1, 2022	605,000	5.00%		
			Aug. 1, 2023	605,000	5.00%		
			Aug. 1, 2024	605,000	5.00%		
			Aug. 1, 2025	620,000	5.00%		
			Aug. 1, 2026	620,000	5.00%		
			Aug. 1, 2027	650,000	5.00%		
			Aug. 1, 2028	680,000	5.00%		
			Aug. 1, 2029	715,000	4.00%		
			Aug. 1, 2030	745,000	4.00%		
			Aug. 1, 2031	770,000	4.00%		
			Aug. 1, 2032	805,000	4.00%		
			Aug. 1, 2033	835,000	4.00%		
			Aug. 1, 2034	870,000	3.25%		
			Aug. 1, 2035	895,000	3.50%		
			Aug. 1, 2036	930,000	3.50%		
			Aug. 1, 2037	960,000	3.50%		
			Aug. 1, 2038	995,000	3.50%		
			Aug. 1, 2039	1,030,000	5.00%		
			Aug. 1, 2040	1,080,000	5.00%		
			Aug. 1, 2041	1,135,000	5.00%		
			Aug. 1, 2042	1,190,000	5.00%		
						$ 19,150,000	19,150,000

Exhibit C-13

TOWN OF GUTTENBERG

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	1,441,608
Decreased by:		
Appropriated to Finance Improvement Authorizations		255,850
Balance - December 31, 2018	$	1,185,758

Exhibit C-14

Schedule of Interfund Payable/(Receivable) - Due to Current Fund

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017			$	20,855
Increased by:				
Interest on Investments	$	50,604		
Budget Revenue due Current		150,000		
Unexpended Budget Appropriation -				
Interest on Bond Anticipation Notes		32,427		
Principal Paydown on Notes		251,000		
				484,031
				504,886
Decreased by:				
Grant Proceeds Received in Current		159,048		
Cash Disbursements		62,446		
				221,494
Balance - December 31, 2018			$	283,392

Exhibit C-15

TOWN OF GUTTENBERG

Schedule of Interfund Receivable - Community Development Trust Fund

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	63,000
Decreased by:		
Cash Receipts	$	63,000

Exhibit C-16

Schedule of Reserve for Payment of Debt

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017		$	3,190,990
Increased by:			
Transferred from Reserve for Grants Receivable	$ 2,167,503		
Grant proceeds received	25,000		
			2,192,503
			5,383,493
Decreased by:			
Utilized as Paydown on Bond Anticipation Notes			3,169,623
Balance - December 31, 2018		$	2,213,870

Ord. 7-2016 - Bonds		159,048
Ord. 17-2012 - Notes		21,366
d. 2-2012 - State Educational Facilities Construction Financing - Bonds		2,033,456
	$	2,213,870

Exhibit C-17

TOWN OF GUTTENBERG

Schedule of Reserve for Grants Receivable

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017			$	2,853,896
Increased by:				
Grants Awarded not Appropriated				664,536
				3,518,432
Decreased by:				
Grant receipts transferred to reserve for payment of notes	$	2,167,503		
Cancelled		48,806		
				2,216,309
Balance - December 31, 2018			$	1,302,123

Ord. 20-2018: Hudson County Open Space		164,536
Ord. 21-2018: Hudson County Open Space		500,000
Ord. 22-2017: Department of Transportation		455,000
Ord. 2-2012: Sec. 15 Educational Facilities Construction Financing Grant		182,587
	$	1,302,123

Exhibit C-18

Schedule of Reserve for Green Acres

General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	$	100
Balance - December 31, 2018	$	100

Exhibit C-19

TOWN OF GUTTENBERG

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2018

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, Dec. 31, 2017 Funded	Balance, Dec. 31, 2017 Unfunded	Authorized	Expended	Balance, Dec. 31, 2018 Funded	Balance, Dec. 31, 2018 Unfunded
6-2008/18-2012/26-2013/16-2014	Improvements to Waterfront Park	Mar. 24, 2008	450,000	$	88,352				88,352
2-2012	Construction of Building and Improvements to the Anna L. Klein School for Community, Recreation and Educational Purposes	May 29, 2012	20,335,000		548,576	2,200,000	2,503,761		244,815
		Mar. 28, 2018	1,500,000						
		Nov. 28, 2018	700,000						
17-2012/3-2013	Imprs. to 68th Street, Section 4	Oct. 22, 2012	250,000	62,379	108,918			62,379	108,918
		Feb. 25, 2013	120,000						
25-2013	Various Street Improvements	Sept. 23, 2013	850,000	60,149				60,149	
27-2013/1-2015	Sewer Repairs - Broadway & 70th Street	Dec. 30, 2013	744,680	57,151			13,004	44,147	
		Feb. 23, 2015	400,000						
13-2014	Improvements to 69th Street	Oct. 14, 2014	470,000		42,832			42,832	
16-2015/20-2015/26-2017	Various Capital Improvements	Oct. 26, 2015, Nov. 27, 2017	2,797,500		1,265,138		930,163	334,973	2
7-2016	Acq. and Installation of a Generator	Apr. 25, 2016	180,000		35,612			35,612	
22-2017	70th Street Road and related Sewer Imps.	Oct. 23, 2017	650,000		643,211		129,632	58,579	455,000
20-2018	Renovations to Monument Park	Sept. 7, 2018	212,000			212,000	102,870		109,130
21-2018	Renovations to Veteran's Park	Sept. 7, 2018	725,000			725,000	46,660		678,340
25-2018	Sewer Improvements	Oct. 29, 2018	2,000,000			2,000,000	76,386	23,614	1,900,000
				$ 179,679	2,732,639	5,137,000	3,802,476	662,285	3,584,557

Capital Improvement Fund	255,850
Deferred Charges Unfunded	4,881,150
	$ 5,137,000

Cash Disbursements	3,706,026
Due from Board of Education	96,450
	$ 3,802,476

Exhibit C-20

TOWN OF GUTTENBERG

Schedule of Green Acres Loans Payable

General Capital Fund

Year Ended December 31, 2018

Purpose	Date of issue	Original issue	Maturities of Loans Outstanding		Interest rate	Balance, Dec. 31, 2017	Decreased	Balance, Dec. 31, 2018
			Date	Amount				
Ball Field Project No. 0903-94-052	3/11/2005	475,200	1/11/2019	17,053	2.00%	$ 120,590	33,601	86,989
			7/11/2019	17,224				
			1/11/2020	17,396				
			7/11/2020	17,570				
			1/11/2021	17,746				
						$ 120,590	33,601	86,989

Exhibit C-21

TOWN OF GUTTENBERG

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2018

Ord. Number	Purpose	Date of original issue	Original issue	Date of Maturity	Interest rate	Balance, Dec. 31, 2017	Increased	Decreased
18-2006	Various Capital Improvements	Mar. 24, 2008	522,500	Jun. 18, 2018	2.50%	220,595	220,595	441,190
5-2008/15-2008	Various Capital Improvements	Mar. 23, 2009	370,500	Jun. 18, 2018	2.50%	178,322	178,322	356,644
2-2012	Construction of a building and Imps. To the Anna L. Klein School for Community, Recreational and Educational Purposes	Mar. 18, 2016	12,500,000	Jun. 18, 2018	2.50%	12,500,000	12,500,000	25,000,000
		Mar. 17, 2016	6,000,000	Jun. 18, 2018	2.50%	6,000,000	6,000,000	12,000,000
		Mar. 14, 2018	866,000	Jun. 18, 2018	2.50%		866,000	866,000
26-2013	Amend 18-12/6-08: Waterfront Park Improvements, Phase I	Mar. 17, 2016	23,750	Jun. 18, 2018	2.50%	23,750	23,750	47,500
13-2014	Improvements to 69th Street	Mar. 17, 2016	470,000	Jun. 18, 2018	2.50%	470,000	470,000	940,000
16-2014	Supplemental Approp: Waterfront Park, Phase I	Mar. 17, 2016	97,333	Jun. 18, 2018	2.50%	97,333	97,333	194,666
16-2015	Various Capital Improvements	Mar. 15, 2017	1,315,000	Jun. 18, 2018	2.50%	1,315,000	1,315,000	2,630,000
07-2016	Acquisition & Installation of Generator	Mar. 15, 2017	170,000	Jun. 18, 2018	2.50%	170,000	170,000	340,000
						$ 20,975,000	21,841,000	42,816,000

	Increased	Decreased
Cash	866,000	
Renewed	20,975,000	20,975,000
Reserve for Payment of Notes		3,169,623
General Obligation Bonds Issued		18,671,377
	$ 21,841,000	42,816,000

Exhibit C-22

TOWN OF GUTTENBERG

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year Ended December 31, 2018

Ordinance number	Improvement description	Balance, Dec. 31, 2017	Authorized	Decreased by:	Balance, Dec. 31, 2018
03-2010	Improvements to 71st Street	$ 27,438			27,438
08-2011	Various Capital Improvements	210,263			210,263
2-2012	Construction of Building and Imps. To the Anna L. Klein School for Community Recreational and Educational purposes	866,666		866,000	666
17-2012	Improvements to 68th Street, Sec. 4	125,519			125,519
16-2014	Supplemental Approp: Waterfront Park, Phase I	111,667			111,667
16-2015	Various Capital Improvements	1,000		1,000	
7-2016	Acquisition and Installation of a Generator	1,000		1,000	
22-2017	70th Street Road and related Sewer Imps.	650,000		195,000	455,000
26-2017	Additional Appropriation: Ord. 16-2015	1,341,625		1,341,623	2
8-2018	Amend 2-2012: Additional Appropriations		1,425,000		1,425,000
20-2018	Renovations to Monument Park		201,400		201,400
21-2018	Renovations to Veteran's Park		688,750		688,750
25-2018	Sewer Improvements		1,900,000		1,900,000
28-2018	Amend 2-2012: Additional Appropriations		666,000		666,000
		$ 3,335,178	4,881,150	2,404,623	5,811,705

General Obligation Bonds Issued	478,623
Funded through Premium on Bond Sale	1,060,000
Bond Anticipation Notes Issued	866,000
	$ 2,404,623

TOWN OF GUTTENBERG

PART II

LETTERS ON COMPLIANCE AND ON INTERNAL CONTROL

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
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James J. Cerullo, CPA, RMA
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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

The Honorable Mayor and
Members of the Town Council
Town of Guttenberg
County of Hudson, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Town of Guttenberg in the County of Hudson as of and for the year ended December 31, 2018 and the related notes to the financial statements, and have issued our report thereon dated May 31, 2019, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

FWCC

Honorable Mayor and
Members of the Town Council
Page 2.

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.

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Town of Guttenberg in the accompany comments and recommendations section of this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Guttenberg's financial statements-regulatory basis are free of 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.*

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Town of Guttenberg in the accompanying comments and recommendations section of this report.

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

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

May 31, 2019

FWCC

TOWN OF GUTTENBERG

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-3 states:

a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of $17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to 25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest $1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A. 40A:11-4 states:

a. Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act of specifically by any other law. The governing body of a contracting unit may, be resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

GENERAL COMMENTS, (continued)

Effective July 1, 2015, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is $17,500 and with a qualified purchasing agent the threshold may be up to $40,000.

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

The minutes indicate that bids were requested by public advertising for the following items:

- 70th Street Sewer Improvements
- Repairs to Jackson St. And 68 St. Sinkhole Repair and 71st St. Inlet Reconstruction
- Towing Services
- Sanitary Sewer Repairs - 2018 ACO Compliance Project
- Monument Park Improvements
- Snow Removal
- Cleaning Services
- 70th St. Lateral Video Inspection

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," 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. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute 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 2, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, Chapter 75 of the Public Laws of 1991 of the State of New Jersey authorizes the governing body of each municipality by resolution to fix the rate of interest to be charged for nonpayment of taxes or assessments on or before the date when they would become delinquent, and

WHEREAS, the provisions of said statute provides that the rate of interest to be so charged may be fixed at a rate not to exceed 8% per annum on the first $1,500 of delinquency, and a rate of 18% per annum on any amount in excess of $1,500.

WHEREAS, the statute further provides that the governing body may provide that no interest shall be charged if payment is made within the tenth calendar day following the date which the same became payable, and

It appears from our test of the collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 17, 2018 and was not complete.

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

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

	Number of Liens
Year Ended December 31, 2018	5
Year Ended December 31, 2017	5
Year Ended December 31, 2016	3

TOWN OF GUTTENBERG
DECEMBER 31, 2018
COMMENTS

FINANCE

1. *The following reconciled bank account cash balances did not agree to the ending general ledger balance; auditor adjustments to the general ledger were necessary to reflect the proper cash balances.
    a. Current Fund
    b. General Capital – Trustee*
    c. Redemption Trust Fund
2. *1099's were not issued to all vendors/individuals who received compensation in excess of IRS thresholds.
3. *There are Capital Fund improvement authorizations greater than five years old that have unfunded portions outstanding.
4. Tax collections posted to the general ledger were overstated by $130,889 due to prior years' collections being recorded as current year revenue.
5. There was an instance of a vendor being paid in excess of the "not to exceed" limit noted on the awarding resolution.

MUNICIPAL CLERK/ADMINISTRATION

1. A review of various professional service contracts and award procedures revealed that the Township did not properly utilize the "fair and open" process as set forth in the state's "Pay to Play" statute (P.L. 2005, c.51)
    a. Awarding resolutions did not provide justification and/or rationale underlying the Town's award decision.
    b. Public advertisements for professional services did not indicate that the proposal was being solicited through a fair and open process.

TAX COLLECTOR

1. There are various old tax balances from years 2011 through 2017 that were not sold at tax sale.

MUNICIPAL COURT

1. *A review of the December monthly management report indicated the following:
    a. There is an excessive amount of tickets assigned over 180 days
    b. There is a substantial amount of tickets eligible for failure to appear notices over 14 days.
2. *The analysis of open bail per the ATS/ACS Reports is not in agreement with the reconciled cash balance in the bail account at 12/31/2018.
3. *The Fines and Bail account bank reconciliations are, in some instances, not in agreement with the ATS/ACS cashbook reconciliation balance as required due to various deposit and transaction recording errors.
4. *The Bail account reconciliation includes various deposits in transit that have not cleared as of the audit date.
5. The Fines account bank reconciliation includes a prior month deposit in transit that has not cleared as of the audit date.

TOWN OF GUTTENBERG
DECEMBER 31, 2018
RECOMMENDATIONS

FINANCE/TAX COLLECTOR

1. A more thorough review of general ledger postings be made to ensure all transactions are recorded and that the cash balances agree to the reconciled bank balances.
2. All unincorporated vendors compensated in excess of $600 receive a Form 1099 as required by IRS Rev. Rul. 2003-66.
3. That unfunded improvement authorizations that are over 5 years old, where projects have been completed, be funded through either budget appropriation or through the issuance of temporary or permanent debt.
4. Finance department personnel review all tax postings to the general ledger on a monthly basis to ensure that revenue recorded is in agreement with that entered through the tax module.
5. Amending resolutions to increase professional service contracts be prepared and approved by the governing body for expenditures that exceed the original "not to exceed" amount.

MUNICIPAL CLERK/ADMINISTRATION

1. A greater effort be made to comply with the State's "Pay to Play" law when soliciting and awarding professional service contracts.

TAX COLLECTOR

1. Tax balances listed as delinquent should be researched for proper disposition or sold at the next tax sale.

MUNICIPAL COURT

1. *Policies be implemented to address the excessive amount of tickets that need follow up.
2. *Steps be taken to compare and agree the open bail as listed in the ATS/ACS report to that of the reconciled cash balance at 12/31/2018.
3. *Proper steps be taken to ensure that bank reconciliations are in agreement with the ATS/ACS reconciliation on a monthly basis as required.
4. *Deposits in transit that do not clear need to reviewed to determine the appropriate disposition.

TOWN OF GUTTENBERG

Status of Prior Year Audit Findings/Recommendations

A review was performed on all prior year recommendations and corrective action was taken on all, with the exception of the comments preceded with an "*".

Acknowledgment

We received the complete cooperation of all of the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted,

Steven D. Wielkotz
Registered Municipal Accountant
No. CR00413

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

May 31, 2019