

**TOWN OF GUTTENBERG**

**Financial Statements With  
Supplementary Information**

**June 30, 2010**

**(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

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 and for the years ended June 30, 2010 and 2009, and the related statements 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 June 30, 2010. These financial statements are the responsibility of the Town of Guttenberg's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed below, we conducted our audits 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, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the Town of Guttenberg's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Town of Guttenberg, New Jersey as of June 30, 2010 and 2009 or the results of its operations for the years then ended.



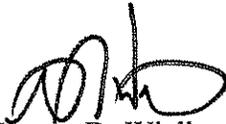
The financial statements referred to above include a Statement of General Fixed Assets as required by the Division of Local Government Services. However, as more fully described in Note 1 and Note 10 to the financial statements, this schedule has not been updated in a number of years.

The Borough did not implement the requirements of Governmental Accounting Standards Board (GASB), Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. State of New Jersey Local Finance Notice 2007-15 also dictates that municipalities implement this GASB.

However, in our opinion, the financial statements referred to above, with the exception of the Statement of General Fixed Assets and the effect described in the preceding paragraph, present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Town of Guttenberg, New Jersey as of June 30, 2010 and 2009, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis of the various funds for the year ended June 30, 2010, on a modified accrual basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated January 13, 2011 on our consideration of the Town of Guttenberg's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, schedules and exhibits listed in the table of contents are not required parts of the financial statements, but are presented as additional analytical data, as required by the Division of Local Government Services. This information has been subjected to the tests and other auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.



Steven D. Wielkotz, C.P.A.  
Registered Municipal Accountant  
No. CRO0413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

January 13, 2011



## TOWN OF GUTTENBERG

## Comparative Balance Sheet-Regulatory Basis

## Current Fund

Years Ended June 30, 2010 and 2009

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Current Fund:			
Cash	A-4	\$ 3,322,957	2,065,719
Due from State of New Jersey:			
Senior citizens' and veterans' deductions	A-7	<u>18,955</u>	<u>18,945</u>
		<u>3,341,912</u>	<u>2,084,664</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-5	1,664,009	1,200,482
Tax Title Liens	A-19	3,849	
Revenue accounts receivable	A-6	62,257	62,284
Prepaid School Taxes	A-8		9,353
Interfunds Receivable:			
Community Development Trust Fund	A-16	241,893	154,500
Animal License Trust Fund	A-16	4,560	4,515
Due From Payroll Account	A-16	2,999	25,770
Due from Escrow Trust Fund	A-16	11,729	12,208
Due from Federal and State Grant Fund	A-17	<u>445,075</u>	<u>468,964</u>
		<u>2,436,371</u>	<u>1,938,076</u>
		<u>5,778,283</u>	<u>4,022,740</u>
State and Federal Grant Fund:			
Cash	A-4	588,854	202,558
Grants receivable	A-20	361,551	693,869
Overexpenditures of Grants	A-21		<u>7,185</u>
		<u>950,405</u>	<u>903,612</u>
		<u>\$ 6,728,688</u>	<u>4,926,352</u>

## TOWN OF GUTTENBERG

## Comparative Balance Sheet-Regulatory Basis

## Current Fund

Years Ended June 30, 2010 and 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation reserves	A-3,A-11	\$ 1,387,766	439,145
Encumbrances payable	A-12	221,065	85,404
Tax overpayments	A-13	68,282	77,479
Prepaid taxes	A-14		3,379
Local School District Taxes Payable	A-8	82,147	
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	60,540	63,917
Unemployment Compensation Trust Fund	A-16	1,654	2,146
Reserve for:			
Accounts Payable	A-18		45,000
Dedicated Fire Penalties	A-18		25,210
State Library Aid	A-18	4,476	
Tax Appeals	A-18	170,000	
Police Retroactive Pay	A-18	122,415	
Outside Liens	A-18	7,505	7,008
		<u>2,132,614</u>	<u>755,452</u>
Reserve for receivables and other assets	A	2,436,371	1,938,076
Fund balance	A-1	<u>1,209,298</u>	<u>1,324,736</u>
		<u>5,778,283</u>	<u>4,018,264</u>
State and Federal Grant Fund:			
Due to Current Fund	A	445,075	468,964
Due to General Capital Fund	C	24,280	24,280
Reserve for Encumbrances		3,557	
Appropriated reserves	A-21	419,941	370,389
Unappropriated reserves	A-22	57,552	39,979
		<u>950,405</u>	<u>903,612</u>
		<u>\$ 6,728,688</u>	<u>4,921,876</u>

See accompanying notes to financial statements.

## TOWN OF GUTTENBERG

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

## Current Fund

Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenue and other income realized:		
Fund balance utilized	\$ 820,000	963,919
Miscellaneous revenue anticipated	2,954,673	2,466,809
Receipts from delinquent taxes	1,143,400	621,096
Receipts from current taxes	22,613,926	21,788,949
Nonbudget revenues	334,655	130,702
Other credits to income:		
Unexpended balance of appropriation reserves	292,707	601,765
Liabilities Canceled	53,665	
Prepaid School tax realized	9,353	
Interfunds Returned	24,780	177,516
	<u>28,247,159</u>	<u>26,750,756</u>
Total revenue		
Expenditures:		
Budget and emergency appropriations:		
Operations:		
Salaries and wages	4,351,620	3,988,424
Other expenses	8,369,503	7,373,706
Deferred charges and statutory expenditures	568,563	631,321
Capital improvements	200,000	50,000
Municipal debt service	733,365	689,101
County taxes	4,371,321	4,348,416
Due county for added taxes	4,460	16,675
Local district school taxes	8,941,703	8,768,058
Interfunds Advanced		79,294
Refunds	2,062	27,418
	<u>27,542,597</u>	<u>25,972,413</u>
Total expenditures		
Excess in Revenue	704,562	778,343
Statutory excess to fund balance	704,562	778,343
Fund balance - July 1,	1,324,736	1,510,312
Decreased by utilization as anticipated revenue	<u>820,000</u>	<u>963,919</u>
Fund balance - June 30,	<u>\$ 1,209,298</u>	<u>1,324,736</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Statement of Revenues-Regulatory Basis

Current Fund

Year ended June 30, 2010

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus anticipated	\$ 820,000	820,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	20,800	35,513	14,713
Other	59,000	82,638	23,638
Fees and permits:			
Construction	75,000	107,332	32,332
Other	43,000	158,583	115,583
Fines and costs municipal court	650,000	617,352	(32,648)
Parking meters	200,000	152,635	(47,365)
Interest and costs on taxes	135,000	271,388	136,388
Interest on investments and deposits	10,000	5,855	(4,145)
Consolidated Municipal Property Tax Relief Aid	548,511	548,511	
Energy Receipts Tax	370,659	370,659	
Extraordinary Aid	360,000	360,000	
Summer Food Program	7,655	7,655	
Recycling Tonnage Grant	3,101	3,101	
Drunk Driving Enforcement Fund	2,703	2,703	
Obey the Signs	3,286	3,286	
Clean Communities Grant	12,637	12,637	
DMV Inspection Fine	879	879	
Driving While Intoxicated	900	900	
Municipal Alliance	12,491	12,491	
Alcohol Education Rehabilitation grant	1,160	1,160	
Body Armor Grant	2,142	2,142	
Gang Resistance Education & Training	31,070	31,070	
JAPARRA	31,492	31,492	
Uniform Fire Safety Act	3,500	35,648	32,148
Reserve for Payment of Debt	21,751	21,751	
Due From Payroll Fund	22,771	22,771	
PILOT Housing Authority	49,600	54,521	4,921
Cablevision	24,000		(24,000)
Total miscellaneous revenues	<u>2,703,108</u>	<u>2,954,673</u>	<u>251,565</u>
Receipts from delinquent taxes	<u>1,200,000</u>	<u>1,143,400</u>	<u>(56,600)</u>
Amount to be raised by taxes for support of municipal budget	<u>10,502,005</u>	<u>10,296,442</u>	<u>(205,563)</u>
Budget total	<u>\$ 15,225,113</u>	<u>15,214,515</u>	<u>(10,598)</u>
Nonbudget revenue		<u>334,655</u>	
		<u>\$ 15,549,170</u>	

## TOWN OF GUTTENBERG

## Statement of Revenues-Regulatory Basis

## Current Fund

Year ended June 30, 2010

Analysis of Realized Revenue

Allocation of current tax collections;	
Revenue from collections	\$ <u>22,613,926</u>
Allocated to:	
Local district school tax	8,941,703
County taxes	<u>4,375,781</u>
	<u>13,317,484</u>
Balance for support of municipal	
budget appropriations	9,296,442
Reserve for uncollected taxes	<u>1,000,000</u>
	\$ <u>10,296,442</u>
Receipts from:	
Delinquent tax collections	\$ <u>1,143,400</u>

Analysis of Miscellaneous Revenue Not Anticipated

Excise Tax	\$ 14,615
Insurance Reimbursement	5,088
Hovnanian Waterfront Property Settlement	109,807
Housing Authority Electricity Reimbursements	114,023
Other	<u>91,122</u>
	\$ <u>334,655</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended June 30, 2010

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Operations-within "CAPS"					
Administrative and executive:					
Salaries and wages	\$ 134,972	134,972	111,117	23,855	
Other expenses	152,337	152,337	119,043	33,294	
Elections:					
Salaries and wages	1,607	1,607		1,607	
Other expenses	10,506	10,506	9,636	870	
Financial administration:					
Salaries and wages	91,052	91,052	87,420	3,632	
Other expenses	136,578	136,578	99,056	37,522	
Assessment of taxes:					
Salaries and wages	39,635	43,031	42,942	89	
Other expenses:	19,962	19,962	14,348	5,614	
Municipal Court:					
Salaries and wages	144,612	144,612	124,137	20,475	
Other Expenses	21,012	22,412	22,392	20	
Collection of taxes:					
Salaries and wages	82,000	99,100	98,597	503	
Other expenses	13,658	13,658	8,282	5,376	
Legal services and costs:					
Salaries and wages	79,269	79,269	71,500	7,769	
Other expenses	126,072	126,072	103,740	22,332	
Public building and grounds:					
Salaries and wages	21,424	21,424		21,424	
Other expenses	210,120	242,120	190,120	52,000	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended June 30, 2010

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and wages	21,424	21,424	5,250	16,174	
Other expenses	5,253	5,253	2,263	2,990	
Engineering					
Other Expenses	157,590	96,163	62,310	33,853	
Community Action Program:					
Other expenses	10,506	10,506		10,506	
Insurance:					
Insurance-Other	381,873	381,873	381,873		
Group Insurance for Employees	1,758,594	1,758,594	1,745,395	13,199	
Unemployment Insurance	18,540	18,540	18,540		
PUBLIC SAFETY:					
Police:					
Salaries and wages	2,672,633	2,672,633	2,465,472	207,161	
Other expenses	117,142	117,749	103,323	14,426	
Emergency management services:					
Other expenses	525	525	362	163	
Weehawken Volunteer Ambulance:					
Other expenses	36,595	36,595	36,075	520	
Fire Official/Inspector:					
Salaries and wages	74,984	74,984	70,162	4,822	
Other expenses	15,759	15,759	7,522	8,237	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended June 30, 2010

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Streets and Roads:					
Street Cleaning:					
Salaries and wages	476,684	476,684	426,119	50,565	
Other expenses	147,084	147,084	118,948	28,136	
Recycling:					
Other expenses	105,060	105,060	92,433	12,627	
Solid Waste & Garbage Removal:					
Other expenses	763,685	722,035	596,663	125,372	
Health and Welfare:					
Public Health Services:					
Other expenses	19,961	19,961	18,049	1,912	
Recreation and Education:					
Recreation:					
Salaries and wages	98,550	109,156	106,874	2,282	
Other expenses	68,289	68,289	46,470	21,819	
Celebration of public event, anniversary or holiday - other expenses	55,000	55,000	46,226	8,774	
Senior Citizens Nutrition Program:					
Salaries and wages	18,540	18,540	12,865	5,675	
Other expenses	35,720	35,720	22,333	13,387	
Senior Citizens Transportation:					
Salaries and wages	56,774	56,774	56,515	259	
Other expenses	13,658	15,322	15,322		

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended June 30, 2010

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Urban Enterprise Zone:					
Salaries and wages	12,854	17,429	17,276	153	
Other expenses	2,040	2,040	1,250	790	
Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Uniform construction code official:					
Salaries and wages	149,968	149,968	113,624	36,344	
Other expenses	8,405	8,405	5,777	2,628	
License inspector:					
Salaries and wages	24,638	24,638		24,638	
Other expenses	3,152	3,152	516	2,636	
UNCLASSIFIED:					
Utilities:					
Electricity	76,694	86,493	86,493		
Street lighting	130,000	130,000	125,908	4,092	
Telephone	98,756	98,756	65,779	32,977	
Water	6,304	15,905	15,831	74	
Fire hydrant service	42,024	42,024	39,541	2,483	
Sewerage	5,253	9,332	9,332		
Gasoline	55,000	55,000	40,133	14,867	
Postage - all departments	40,000	40,000	29,500	10,500	
Technology	15,759	15,759	5,539	10,220	
Salary & Wage Adjustment	150,000	150,000		150,000	
Total Operations within "CAPS"	9,236,086	9,227,836	8,116,193	1,111,643	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended June 30, 2010

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Contingent	10,506	10,506		10,506	
Total Operations Including Contingent-within "CAPS"	9,246,592	9,238,342	8,116,193	1,122,149	
Detail:					
Salaries & Wages	4,351,620	4,387,297	3,809,870	577,427	
Other Expenses (Including Contingent)	4,894,972	4,851,045	4,306,323	544,722	
	9,246,592	9,238,342	8,116,193	1,122,149	
Deferred Charges and Statutory Expenditures-Municipal within "CAPS"					
DEFERRED CHARGES					
Overexpenditure of Grants	7,185	7,185	7,185		
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	199,614	199,614	164,487	35,127	
Public Employees Retirement system	54,411	54,411	54,411		
Police and Firemans Retirement System of N.J.	220,125	220,125	220,125		
Consolidated Police and Firemen's Pension Fund	12,228	12,228		12,228	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	493,563	493,563	446,208	47,355	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended June 30, 2010

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Total General Appropriations for Municipal Purposes within "CAPS"	9,740,155	9,731,905	8,562,401	1,169,504	
Operations-Excluded from "CAPS"					
Insurance					
Reserve for Tax Appeals	170,000	170,000	170,000		
911-Other Expenses	24,164	24,164	2,921	21,243	
Stormwater Management	41,600	41,600	24,211	17,389	
Health Insurance CAP Exception	197,290	197,290	48,343	148,947	
Library Service-North Bergen:					
Other expenses	159,309	167,559	167,559		
Pension CAP Exception-PERS	39,177	39,177	39,177		
Pension CAP Exception-PERS	186,329	186,329	186,329		
North Hudson Regional Communication:					
Other expenses	75,000	75,000	55,870	19,130	
North Hudson Regional Fire & Rescue:					
Other expenses	2,460,592	2,460,592	2,460,592		
Public and Private Programs Offset by Revenues					
State Recycling Grant	3,102	3,102	3,102		
Municipal Alliance	12,491	12,491	12,491		
Match	8,100	8,100		8,100	
Drunk Driving Enforcement Fund	2,703	2,703	2,703		
Summer Food	7,655	7,655	7,655		
Obey the Signs	3,286	3,286	3,286		

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended June 30, 2010

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
DMV Fines	879	879	879		
Driving While Intoxicated	900	900	900		
Gang Resistance Education & Training Program	31,070	31,070	31,070		
Matching	3,453	3,453		3,453	
Clean Communities	12,637	12,637	12,637		
Justice Assistance Grant - ARRA	31,492	31,492	31,492		
Body Armor Grant	2,142	2,142	2,142		
Alcohol Education Rehabilitation	1,160	1,160	1,160		
<b>Total Operations-Excluded from "CAPS"</b>	<b>3,474,531</b>	<b>3,482,781</b>	<b>3,264,519</b>	<b>218,262</b>	
Detail:					
Salaries and Wages	3,474,531	3,482,781	3,264,519	218,262	
Other Expenses	3,474,531	3,482,781	3,264,519	218,262	
Capital Improvements - Excluded from CAPS	200,000	200,000	200,000		
Capital Improvement Fund	200,000	200,000	200,000		
<b>Total Capital Improvements - Excluded from CAPS</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>		
Municipal Debt Service-Excluded from "CAPS"	425,000	425,000	425,000		
Payment of Bond Principal	17,000	17,000	17,000		
Payment of Bond Anticipation notes (17,000 Emergency)	189,582	189,582	188,124		1,458
Interest on Bonds	68,000	68,000	67,395		605
Interest on Notes					

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended June 30, 2010

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	35,846	35,846	35,846		
Total Municipal Debt Service-Excluded from "CAPS"	735,428	735,428	733,365		2,063
Deferred Charges- Municipal Excluded from "CAPS"					
Emergency Appropriation	75,000	75,000	75,000		
Special Emergency Authorizations 5 years					
Total Deferred Charges-Municipal-Excluded from "CAPS"	75,000	75,000	75,000		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,484,959	4,493,209	4,272,884	218,262	2,063

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended June 30, 2010

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Subtotal General Appropriations	14,225,114	14,225,114	12,835,285	1,387,766	2,063
Reserve for Uncollected Taxes	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>		
Total General Appropriations	<u>\$ 15,225,114</u>	<u>15,225,114</u>	<u>13,835,285</u>	<u>1,387,766</u>	<u>2,063</u>

Adopted Budget 15,193,622  
 Added by N.J.S.A. 40A:4-87 31,492  
\$ 15,225,114

<u>Analysis of Paid or Charged</u>	
Deferred Charges	7,185
Reserve for Uncollected Taxes	1,000,000
Due to Federal and State Grant Fund	109,517
Reserve for Encumbrances	221,065
Reserve for Tax Appeals	170,000
Cash	12,327,518
	<u>\$ 13,835,285</u>

See accompanying notes to financial statements.

**TOWN OF GUTTENBERG**  
**Comparative Balance Sheet-Regulatory Basis**  
**Trust Funds**  
**Year Ended June 30, 2010 and 2009**

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Animal License Fund:			
Cash	B-1	\$ 8,551	8,604
Interfund Receivables:			
Other Trust Fund	B-8	<u>107</u>	<u>          </u>
		<u>8,658</u>	<u>8,604</u>
Unemployment Compensation Trust Fund:			
Cash	B-1	21,193	2,171
Interfund Receivables:			
Current Fund	B-8	1,654	2,146
Payroll Agency	B-8		17,301
Net Payroll	B-8	<u>1,061</u>	<u>          </u>
		<u>23,908</u>	<u>21,618</u>
Community Development Block Grant Trust Fund:			
Cash	B-1	48,111	71,502
Grants receivable	B-4	<u>427,699</u>	<u>227,699</u>
		<u>475,810</u>	<u>299,201</u>
Other Trust Funds:			
Cash	B-1	678,191	552,137
Due from Marriage License Clerk		875	875
Due from Municipal Court	B-7	847	847
Interfund Receivables:			
Due from Current Fund	B-8	60,540	63,917
Due from Unemployment Trust	B-8	<u>          </u>	<u>1,783</u>
		<u>740,453</u>	<u>619,559</u>
		<u>\$ 1,248,829</u>	<u>940,378</u>

## TOWN OF GUTTENBERG

## Comparative Balance Sheet-Regulatory Basis

## Trust Funds

Year Ended June 30, 2010 and 2009

<u>Liabilities and Reserves</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Animal License Fund:			
Reserve for Dog License Fund expenditures	B-2	3,041	3,027
Due to State of New Jersey	B-3	1,057	1,062
Due to Current Fund	B-8	4,560	4,515
		<u>8,658</u>	<u>8,604</u>
Unemployment Compensation Trust Fund:			
Unemployment claims Payable	B-10	1,809	
Due to Other Trust Fund	B-8		1,783
Reserve for Expenditures	B-10	22,099	19,835
		<u>23,908</u>	<u>21,618</u>
Community Development Block Grant Trust Fund:			
Reserve for Grant Expenditures	B-5	162,919	121,310
Due to General Capital Fund	B-8	70,998	23,391
Due to Current Fund	B-8	241,893	154,500
		<u>475,810</u>	<u>299,201</u>
Other Trust Funds:			
Due to State-Marriage Licenses	B-6	427	402
Due to State-Construction Fees	B-6	254	254
Interfunds Payable:			
Due to Current Fund - Escrow Trust	B-8	11,729	12,208
Due to Animal License Trust Fund	B-8	107	
Reserve for:			
Other Trust Deposits	B-9	727,936	606,695
		<u>740,453</u>	<u>619,559</u>
		<u>\$ 1,248,829</u>	<u>948,982</u>

See accompanying notes to financial statements.

## TOWN OF GUTTENBERG

## Comparative Balance Sheet-Regulatory Basis

## General Capital Fund

Years ended June 30, 2010 and 2009

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Cash:			
Checking	C-2,C-3	\$ 995,343	983,873
Grants Receivable			
State of New Jersey - Dept. of Transportation	C-7	285,000	200,000
State of New Jersey - Department of Environmental Protection, Green Acres Program	C-8	155,000	155,000
Deferred charges to future taxation:			
Funded	C-4	3,514,375	3,967,747
Unfunded	C-5	2,212,000	2,274,000
Due from Federal and State Grant Fund	A	24,280	24,280
Due from Community Development Trust Fund	C-6	70,998	23,391
		<u>\$ 7,256,996</u>	<u>7,628,291</u>
 <u>Liabilities, Reserves and Fund Balance</u> 			
Serial Bonds	C-9	3,162,000	3,587,000
Green Acres Loans Payable	C-13	352,375	380,747
Bond Anticipation notes	C-14	2,162,000	2,254,000
Capital Improvement Fund	C-10	312,284	112,284
Reserve for Payment of Debt, Ord. 23-2002	C-11		21,751
Improvement authorizations:			
Funded	C-12	211,793	198,358
Unfunded	C-12	1,032,440	1,074,151
Fund Balance	C-1	24,104	
		<u>\$ 7,256,996</u>	<u>7,628,291</u>

There were bonds and notes authorized but not issued at June 30, 2009 and 2010 of \$20,000 and \$50,000 respectively. See exhibit C-15.

See accompanying notes to financial statements.

**TOWN OF GUTTENBERG**

**Schedule of Fund Balance**

**General Capital Fund**

**Year ended June 30, 2010**

Increased by :	
Funded Improvement Authorizations canceled	\$ <u>24,104</u>
Balance - June 30, 2010	\$ <u><u>24,104</u></u>

See Accompanying Notes to Financial Statements

**TOWN OF GUTTENBERG**  
**Comparative Balance Sheets-Regulatory Basis**  
**Payroll Account**  
**Years ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash	\$ <u>39,584</u>	<u>75,153</u>
	\$ <u><u>39,584</u></u>	<u><u>75,153</u></u>
 <u>Liabilities</u>		
Due to Unemployment Trust Fund	\$ 1,061	17,301
Due to Current Fund	2,999	25,770
Withholdings Payable	<u>35,524</u>	<u>32,082</u>
	\$ <u><u>39,584</u></u>	<u><u>75,153</u></u>

See accompanying notes to the financial statements.

**TOWN OF GUTTENBERG**

**Statement of General Fixed Assets-Regulatory Basis**

**General Fixed Assets Account Group**

**Years ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Land	\$ 1,060,646	1,060,646
Buildings	2,088,185	2,088,185
Vehicles and equipment	<u>1,269,027</u>	<u>1,269,027</u>
	<u>\$ 4,417,858</u>	<u>4,417,858</u>

See accompanying notes to financial statements.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**

**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.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

**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.

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.

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:

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

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

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

Basis of Accounting, cont.

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 April first in the year following the calendar year levy when the same became in arrears, 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.

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.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

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

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

Basis of Accounting, cont.

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 August 10, of the fiscal year. The budget shall be adopted not later than September 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 2010, the Mayor and Council approved additional revenues and appropriations of \$31,492 in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were also approved by the governing body.

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 June 30, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at June 30, 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.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

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

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

Basis of Accounting, cont.

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.

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).

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

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

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

Basis of Accounting, cont.

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.

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.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

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

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

Basis of Accounting, cont.

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.

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 Systems:

Substantially all of the Town's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

*Public Employees' Retirement System (PERS)*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

*Police and Firemens' Retirement System (PFRS)*

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final average compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years or 1/60 of final average compensation multiplied by the number of years of creditable service, whichever is greater. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

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 for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Town of Guttenberg opted for this deferral in the amount of \$238,623.

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 5.0% for PERS and 8.5% for PFRS of the employee's annual compensation, as defined through June 30, 2007. Under Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, the PERS and employee contribution rate will increase to 5.5 percent effective July 1, 2007. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. 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:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
June 30, 2010	\$93,588	\$406,454
June 30, 2009	92,547	212,681
June 30, 2008	92,545	407,094

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the PERS. A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

**NOTE 3. LONG-TERM DEBT**

Long-term debt as of June 30, 2010 consisted of the following:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	<u>\$3,587,000</u>	—	<u>\$425,000</u>	<u>\$3,162,000</u>	<u>\$440,000</u>
Total Bonds Payable	<u>3,587,000</u>	—	<u>425,000</u>	<u>3,162,000</u>	<u>440,000</u>
Other Liabilities:					
Deferred PERS/PFRS Pension Contribution	238,623			238,623	
Green Acres Loan Obligation Debt	<u>380,747</u>	—	<u>28,372</u>	<u>352,375</u>	<u>28,942</u>
Total Other Liabilities	<u>619,370</u>	—	<u>28,372</u>	<u>590,998</u>	<u>28,942</u>
	<u>\$4,206,370</u>	<u>\$</u>	<u>\$453,372</u>	<u>\$3,752,998</u>	<u>\$468,942</u>

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>June 30,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Issued-general-bonds and notes	\$5,676,375	\$6,221,747	\$5,381,061
Authorized but not issued-general-bonds and notes	<u>50,000</u>	<u>20,000</u>	<u>685,500</u>
	5,726,375	6,241,747	6,066,561
Less funds on hand to pay debt	<u>575,000</u>	<u>646,751</u>	<u>686,751</u>
Net bonds and notes issued and authorized but not issued	<u>\$5,151,375</u>	<u>\$5,594,996</u>	<u>\$5,379,810</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .45%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General debt	\$5,726,375	\$575,000	\$5,151,375
School debt	<u>1,319,000</u>	<u>1,319,000</u>	<u>0</u>
	<u>\$7,045,375</u>	<u>\$1,894,000</u>	<u>\$5,151,375</u>

Net debt of \$5,151,375 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$1,136,578,062 equals .45%.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

**NOTE 3. LONG-TERM DEBT, (continued)**

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

3 ½% of equalized valuation basis (municipal)	\$39,780,232
Net Debt	<u>5,151,375</u>
Remaining borrowing power	<u>\$34,628,857</u>

The Town's long-term debt consisted of the following at June 30, 2010:

Paid by Current Fund:

General obligation bonds - 3.60%-4.00% general obligation bonds issued February 1, 2003, due through February 1, 2016	\$1,440,000
General serial bonds - 6.85% general serial bonds issued April 1, 1991, due through April 1, 2016	1,147,000
Pension Refunding Bonds - Term Bond - 5.83% issued April 1, 1991, sinking fund redemptions due through April 1, 2017	<u>575,000</u>
	<u>\$3,162,000</u>

Aggregate General Capital Fund debt service requirements on general serial bonds are as follows:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2011	\$607,280	\$440,000	\$167,280
2012	614,211	470,000	144,211
2013	624,808	505,000	119,808
2014	613,215	520,000	93,215
2015	600,731	535,000	65,731
2016-2017	<u>735,935</u>	<u>692,000</u>	<u>43,935</u>
	<u>\$3,796,180</u>	<u>\$3,162,000</u>	<u>\$634,180</u>

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.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

**NOTE 3. LONG-TERM DEBT, (continued)**

At June 30, 2010, the Town had authorized but not issued debt as follows:

General Capital Fund	<u>\$50,000</u>
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**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:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2011	\$35,846	\$28,942	\$6,904
2012	35,846	29,525	6,321
2013	35,846	30,118	5,728
2014	35,846	30,723	5,123
2015	35,845	31,340	4,505
2016-2020	179,232	166,411	12,821
2021	<u>35,847</u>	<u>35,316</u>	<u>531</u>
	<u>\$394,308</u>	<u>\$352,375</u>	<u>\$41,933</u>

**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.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

**NOTE 5. BOND ANTICIPATION NOTES, (continued)**

On June 30, 2010, the Town had \$2,162,000 outstanding General Capital Fund bond anticipation notes due on March 23, 2011 at an interest rate of 1.50%. It is the Town's intention to roll the note over for another 1-year period.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
TD Bank, NA	\$2,254,000	\$	\$2,254,000	\$0
Oppenheimer & Co., Inc.		<u>2,162,000</u>		<u>2,162,000</u>
	<u>\$2,254,000</u>	<u>\$2,162,000</u>	<u>\$2,254,000</u>	<u>\$2,162,000</u>

**NOTE 6. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges are shown on the balance sheet of the Current Fund:

	<u>Balance June 30, 2010</u>	<u>Transition Year 2010 Budget Appropriation</u>	<u>Balance succeeding year's budget</u>
Other Trust Fund:			
Overexpenditure of Reserves - 150 <sup>th</sup> Anniversary Trust	<u>\$403</u>	<u>\$403</u>	<u>\$-0-</u>

**NOTE 7. FUND BALANCE APPROPRIATED**

There was \$341,411 of fund balance appropriated as anticipated revenue in the 2010 Transition Year Current Fund budget.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

**NOTE 8. ACCRUED SICK AND VACATION BENEFITS**

The Town has permitted employees to accrue unused sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. At this time the Town has no estimated current cost of such unpaid compensation.

**NOTE 9. 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 June 30, 2010, \$-0- of the Town's bank balance of \$6,247,758 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.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

**NOTE 10. FIXED ASSETS**

The following is a summary of charges in the general fixed assets account group as of June 30, 2010.

	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2010</u>
Land	\$1,060,646			\$1,060,646
Building	2,088,185			2,088,185
Equipment	<u>1,269,027</u>	<u>      </u>	<u>      </u>	<u>1,269,027</u>
	<u>\$4,417,858</u>	<u>\$      </u>	<u>\$      </u>	<u>\$4,417,858</u>

A fixed asset inventory was not available for June 30, 2010.

**NOTE 11. DUE TO/FROM OTHER FUNDS**

Balances due to/from other funds at June 30, 2010 consist of the following:

\$1,654	Due to the Unemployment Compensation Trust Fund from the Current Fund for employee deductions deposited in error.
70,998	Due to the General Capital Fund from the Community Development Block Grant Trust Fund to reimburse expenses paid.
24,280	Due to the General Capital Fund from the Federal and State Grant Fund for expenses paid.
2,999	Due to the Current Fund from the Payroll Agency Account for deposits in excess of deductions owed.
107	Due to the Animal Trust Fund from the Other Trust Fund for license fees deposited in error.
1,061	Due to the Unemployment Compensation Trust from the Net Payroll Account for employee deductions deposited in error.
241,893	Due to the Current Fund from the Community Development Trust Fund to reimburse expenditures paid.
4,560	Due to the Current Fund from the Animal Trust Fund for statutory excess less license fees deposited in error.
60,540	Due to the Other Trust Fund from the Current Fund for tax sale premiums received and deposit errors, less subsequent tax receipts and other Current Fund revenue deposit errors.
445,075	Due to the Current Fund from the Federal and State Grant Fund for grant revenue collected less expenditures made.
<u>11,729</u>	Due to the Current Fund from the Escrow Trust Fund for accumulated interest earnings due to the Town.
<u>\$864,896</u>	

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

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

**NOTE 12. POST RETIREMENT BENEFITS**

The Town currently provides lifetime medical benefits to employees who retire on a paid pension under the following conditions:

- ▶ After twenty-five years of continuous service with the Town, or
- ▶ After fifteen years of continuous service with the Town at age sixty-two or older; or
- ▶ On an accidental disability pension with not less than five years of continuous service with the Town in the case of firemen and policemen, or ten years in the case of employees in the Public Employees Retirement System

Coverage is also provided for family members per the employees union contracts and paid by the Town for the life of the retiree.

For Police and Fire personnel, upon the death of the retiree, the surviving spouse and dependent children under the age of twenty-three may elect to continue the coverage at the surviving spouse's own cost. This coverage ceases when any of the following occurs:

- ▶ Spouse dies.
- ▶ Spouse remarries.

For Police and Fire personnel, prescription drug benefits are provided and paid by the Town under the same circumstances except upon retiree's death, coverage would be provided for the surviving spouse only, and would be discontinued upon:

- ▶ Surviving spouse's remarriage.
- ▶ Surviving spouse obtaining coverage from another spouse.

The Town did not undertake an actuarial analysis of these benefits as required under GASB 45.

**NOTE 13. CONTINGENT LIABILITIES**

**A. Compensated Absences**

The Town is permitting Police Department employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date. It is estimated that the current cost of such unpaid compensation would approximate \$133,393 as of June 30, 2010. This amount is not reported either as an expenditure or liability.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

**NOTE 13. CONTINGENT LIABILITIES, (continued)**

B. 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 SFY 2010, 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.

C. 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 14. 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 15. 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.

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

**NOTE 15. NORTH HUDSON REGIONAL FIRE AND RESCUE, (continued)**

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.

**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. For FY 2010, the town budgeted \$2,460,592 and contributed \$2,460,592.

**NOTE 16. TAXES COLLECTED IN ADVANCE**

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

	<u>Balance</u> <u>June 30, 2010</u>	<u>Balance</u> <u>June 30, 2009</u>
Prepaid Taxes	<u>\$-0-</u>	<u>\$3,379</u>
Cash Liability for Taxes Collected in Advance	<u>\$-0-</u>	<u>\$3,379</u>

**TOWN OF GUTTENBERG**  
**Notes to Financial Statements**  
**Years Ended June 30, 2010 and 2009**  
**(continued)**

**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 2010 fiscal year, 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 "NJIIIF"). The NJIIIF 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 NJIIIF and should it be determined that payments received by the NJIIIF are deficient, additional assessments may be levied.

The NJIIIF 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 used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

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

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.

**SUPPLEMENTARY DATA**

**TOWN OF GUTTENBERG**

**Supplementary Data**

Official in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Name of corporate surety</u>
Gerald Drasheff	Mayor		
Adela Martinez (term ended 12/31/09)	Councilwoman		
Donna Florio	Councilwoman		
John D. Habermann	Councilman		
Efrain Velez	Councilman		
Alfonso Caso	Councilman		
Monica Fundora (term began 1/1/10)	Councilwoman		
Vincent Buono	Chief Financial Officer	1,000,000	(A)
Nicolas Goldsack	Tax Collector/Treasurer	1,000,000	(A)
Alberto Cabrera	Town Clerk	1,000,000	(A)
James Terhune	Tax Assessor		
Ann Setliff	Deputy Tax Collector	1,000,000	(A)
Frank Leanza	Magistrate	1,000,000	(A)
Alida Buczynski	Court Administrator	1,000,000	(A)
Marisa Perry	Violations Clerk	1,000,000	(A)
Michelle Glennon	Violations Clerk	1,000,000	(A)

(A) Coverage provided through the New Jersey Intergovernmental Insurance Fund in a policy issued by the Fidelity and Deposit Company of Maryland. Coverage is provided up to \$1,000,000 per occurrence.

**TOWN OF GUTTENBERG**

**Supplementary Data**

Comparative Schedule of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax rate	6.152	5.800	5.622
Apportionment of tax rate:			
Local school	2.307	2.142	2.164
County	1.142	1.088	1.079
Municipal	2.703	2.570	2.379

Assessed valuation:

2010	\$	401,914,600
2009		402,049,490
2008		405,345,833

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.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2010	\$ 24,330,200	22,613,926	92.95%
2009	22,999,047	21,788,949	94.74%
2008	22,400,826	21,961,592	98.04%

**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 tax title liens in relation to the tax levies of the last three years.

<u>Year</u>	<u>Amount of tax title liens</u>	<u>Amount of delinquent taxes</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2010	3,849	1,664,009	1,667,858	6.86%
2009		1,200,482	1,200,482	5.22%
2008		641,822	641,822	2.87%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2009 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 June 30, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ None
2009	None
2008	None

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Year ended</u>	<u>Utilized in budget of succeeding year</u>
Current Fund:	2010	\$ 1,209,298	341,411
	2009	1,324,736	750,000
	2008	1,510,312	963,919
	2007	1,872,083	1,200,000
	2006	1,214,581	850,000

**TOWN OF GUTTENBERG**  
**Schedule of Expenditures of Federal Awards**

Year ended June 30, 2010

Federal grantor State and Federal Grant Fund:	Program	CFDA number	Grant period	Award Amount	Balance at June 30, 2009	Cash Received	Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2010	(MEMO) Cumulative Expenditures
Department of Agriculture	Summer Food Program	10.559	2009-10	15,209 \$		15,209			15,209	*
	Summer Food Program	10.559	2005-06	14,575	(6,458)			6,458		*
	Summer Food Program	10.559	2008-09	7,655	7,655		6,135		1,520	*
					1,197	15,209	6,135	6,458	16,729	*
Department of Justice	Edward Byrne Justice Assistance Grant (JAG) - ARRA	16.804	2009-10	31,492		31,492				31,492
<i>Total State and Federal Grant Fund</i>										
					1,197	46,701	37,627	6,458	16,729	*
<i>Community Development Block Grant Trust Fund:</i>										
Department of Housing and Urban Development (passed through County of Hudson):	Community Development Block Grant: 3-03E1-09 Community Center	14.219	2009-10	139,178						*
	3-03F1-08 Municipal Parking Expansion	14.219	2008-09	84,245	(23,391)		60,854		(84,245)	*
	3-03F1-06 Boulevard East Streetscape	14.219	2006-07	204,276	(93,838)		97,537		(191,375)	*
	3-14E1-04 Commercial Revitalization	14.219	2004-05	20,269						20,269
<i>Total Trust Funds</i>										
					(117,229)		158,391		(275,620)	*
<i>Total Federal Financial Assistance</i>										
				\$	(116,032)	46,701	196,018	6,458	(238,891)	*

Note: This schedule was not subject to an audit in accordance with OMB Circular A-133.

TOWN OF GUTTENBERG

Schedule of Expenditures of State Awards

Year ended June 30, 2010

State grantor	Program	Grant number	Grant period	Award Amount	Balance June 30, 2009	Cash Received	Budgetary Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2010	(MEMO) Cumulative Expenditures	
Federal and State Grant Funds: Department of Commerce & Economic Development	Urban Enterprise Zone Assistance Fund - Administration	020-2830-763-055	2009-10	\$ 4,904		4,904			4,904		
	Urban Enterprise Zone Assistance Fund - Administration	020-2830-763-055	2008-09	5,515				5,515	5,515		
	Urban Enterprise Zone Assistance Fund - Tree	020-2830-763-055	2006-07	9,625	7,362				7,362	I 13	
	Urban Enterprise Zone Assistance Fund - Tree	020-2830-763-055	2007-08	23,440							
	Urban Enterprise Zone Assistance Fund - Police Vehicle	020-2830-763-055	2007-08	12,273	(9,167)				(9,167)	A 9,167	
	Urban Enterprise Zone Assistance Fund - JFK Boulevard, Cars, Administration	020-2830-763-055	2005-06	71,968	7,341	4,904		5,515	7,341	J 50,128	
					5,536	4,904			15,955		
Department of Community Affairs	Handicapped Recreation Opportunities	100-022-8050-035	2004-05	1,115	1,115				1,115	F 6,000	
	Liveable Communities		PY	25,500	(3,100)				(3,100)		
	Emergency Management	066-1200-100-726	2008-09	5,000		5,000	1,936		3,064	F 1,936	
	Homeland Security - Police Radios		2007-08	15,000	(13,211)				(13,211)	G 13,211	
	Safe Kids Program		2001-02	10,000	(10,000)				(10,000)	G 10,000	
				(25,190)	5,000	1,936			(22,132)		
Department of Environmental Protection	Recycling Tonnage Grant	042-4900-752-001	2009-10	5,280		5,280			5,280		
	Recycling Tonnage Grant	042-4900-752-001	2008-09	3,102	3,102				3,102		
	Recycling Tonnage Grant	042-4900-752-001	2007-08	1,378	1,378				1,378		
	Recycling Tonnage Grant	042-4900-752-001	2006-07	11,243	11,243				11,243		
	Recycling Tonnage Grant	042-4900-752-001	2005-06	2,252	2,252				2,252		
	Clean Communities Program	042-4900-765-004	2009-10	13,159		13,159			13,159		
	Clean Communities Program	042-4900-765-004	2008-09	12,637	12,637				12,637		
	Clean Communities Program	042-4900-765-004	2007-08	8,527	4,695				4,695		
	Clean Communities Program	042-4900-765-004	2005-06	7,530	6,890				6,890	H 5,150	
	Clean Communities Program	042-4900-765-004	2004-05	7,352	3,016	18,439			3,016	H 4,336	
					45,213					63,652	
	Department of Law and Public Safety	Body Armor Grant	066-1020-718-001	2009-10	1,037		1,037			1,037	
Body Armor Grant		066-1020-718-001	2008-09	2,142	2,142				2,142		
Body Armor Grant		066-1020-718-001	2006-07	2,174	(727)			727		2,174	
Highway Safety			2006-07	1,945	509				509	1,436	
Over the Limit Under Arrest		066-1160-100-057	2009-10	3,784		3,784			3,784		
Obey the Signs		066-1160-100-036	2009-10	2,704		2,704			2,704		
Obey the Signs		066-1160-100-036	2008-09	3,286	3,286				3,286		
Obey the Signs		066-1160-100-036	2007-08	3,659	3,659				3,659		
Click it or Ticket		1160-100-066-1160-113	2007-08	3,124	3,124				3,124		

(continued next page)



TOWN OF GUTTENBERG

Schedule of Expenditures of State Awards

Year ended June 30, 2010

State grantor	Program	Grant number	Grant period	Award Amount	Balance June 30, 2009	Cash Received	Budgetary Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2010	(MEMO) Cumulative Expenditures
General Capital Fund, New Jersey Department of Transportation	Municipal Aid - 71st Street, Sec. 4 - Ord. 03-2010	08-480-078-6320-AJ3-6010	2009-10	85,000						
	Municipal Aid - 71st Street, Sec. 3 - Ord. 14-2008		2008-09	200,000	(163,989)		7,222		(171,211)	171,211
	Department of Environmental Protection	Green Acres Program - Waterfront Park Imp. - Ord. 6-2008	2007-08	155,000						
					<u>(163,989)</u>		<u>7,222</u>		<u>(171,211)</u>	
<i>Total General Capital Fund</i>					<u>\$ (461,387)</u>	<u>412,707</u>	<u>29,560</u>	<u>6,242</u>	<u>(71,998)</u>	

Total State Financial Assistance

Note: This schedule was not subject to an audit in accordance with N.J. OMB 04-04.

(1) - Passed through the State of New Jersey

- A - Accounts Receivable of \$12,273, appropriated reserve of \$3,106.
- D - Accounts Receivable of \$55,081, appropriated reserve of \$13,646
- E - Accounts Receivable of \$4,044, appropriated reserve of \$16,910
- F - Accounts Receivable of \$25,500, appropriated reserve of \$22,400
- G - Accounts Receivable of \$15,000, appropriated reserve of \$1,789.
- H - Accounts Receivable of \$640, appropriated reserve of \$7,530.
- I - Accounts Receivable of \$2,250, appropriated reserve of \$9,612.
- J - Accounts Receivable of \$14,499, appropriated reserve of \$21,840.
- K - Accounts Receivable of \$8,431, appropriated reserve of \$1,782.

## TOWN OF GUTTENBERG

## Schedule of Cash - Collector/Treasurer

## Current Fund

Year ended June 30, 2010

	Regular Fund	Federal and State Grant Fund
Balance - June 30, 2009	\$ 2,065,719	202,558
Increased by receipts:		
Revenue accounts receivable	2,845,157	
Miscellaneous revenues not anticipated	334,655	
Taxes receivable	23,711,155	
Senior citizens and veterans deductions	24,990	
Interfunds	3,563	4,094
Tax Overpayments	68,282	
Various Reserves	393,526	
Grants Receivable	42,540	364,831
Unappropriated reserves	33,005	19,032
	<u>27,456,873</u>	<u>387,957</u>
	<u>29,522,592</u>	<u>590,515</u>
Decreased by disbursements:		
2010 budget appropriations	12,327,518	
2009 appropriation reserves	109,427	
Tax overpayment refunds	51,022	
Local district school tax	8,850,203	
County taxes	4,371,321	
Added/omitted county taxes	4,460	
Interfunds	10,636	
Various Reserves	418,239	
Prior Year Refunds	2,062	
Appropriated Reserves	54,747	1,661
	<u>26,199,635</u>	<u>1,661</u>
Balance, June 30, 2010	<u>\$ 3,322,957</u>	<u>588,854</u>

TOWN OF GUTTENBERG

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year ended June 30, 2010

Year	Balance, June 30, 2009	2010 Levy	Added 2010 Levy	Collected		Senior & Veteran's Deductions	Transferred to Tax Title Liens	Canceled	Balance, June 30, 2010
				2009	2010				
2009	\$ 1,200,482				1,143,400		1,107	49,984	5,991
					1,143,400		1,107	49,984	5,991
2010		24,306,616	23,584	3,379	22,585,547	25,000	2,285	55,971	1,658,018
	\$ 1,200,482	24,306,616	23,584	3,379	23,728,947	25,000	3,392	105,955	1,664,009

Tax Overpayments applied	17,792
REAP - Cash Receipts	281,146
Cash Receipts	23,430,009
	<u>\$ 23,728,947</u>

Analysis of 2010 Tax Levy

Tax yield:	
General property tax	\$ 24,306,616
Added tax (R.S.54:4-63.1 et seq.)	<u>23,584</u>
	<u>\$ 24,330,200</u>

Tax levy:	
Local district school tax (abstract)	\$ 8,941,703
County tax (abstract)	4,371,321
Added taxes (R.S. 54:4-63.1 et seq.)	4,460
Local tax for municipal purpose (abstract)	10,502,005
Additional tax levies	<u>510,711</u>
	<u>\$ 24,330,200</u>

**TOWN OF GUTTENBERG**

**Schedule of Revenue Accounts Receivable**

**Current Fund**

**Year ended June 30, 2010**

	Balance, June 30, <u>2009</u>	Accrued in <u>2010</u>	<u>Collected</u>	Balance, June 30, <u>2010</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	35,513	35,513	
Other		82,638	82,638	
Fees and permits		158,583	158,583	
Construction Code Official-fees and permits		107,332	107,332	
Municipal Court fines and costs	62,284	617,325	617,352	62,257
Parking meters		152,635	152,635	
Interest and cost on taxes		271,388	271,388	
Interest on investments		5,855	5,855	
Consolidated Municipal Property Tax Relief		548,511	548,511	
Energy Receipts Tax		370,659	370,659	
Extraordinary Aid		360,000	360,000	
Uniform Fire Safety Act		35,648	35,648	
PILOT Housing Authority		54,521	54,521	
Reserve for Payment of Debt		21,751	21,751	
Due From Payroll account		22,771	22,771	
	<u>\$ 62,284</u>	<u>2,845,130</u>	<u>2,845,157</u>	<u>62,257</u>
			Cash \$ <u>2,845,157</u>	

**TOWN OF GUTTENBERG**

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

**Current Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009	\$ 18,945
Increased by:	
Senior citizens' and veterans' deductions per tax billings	<u>25,000</u>
	43,945
Decreased by:	
Cash received	<u>24,990</u>
Balance - June 30, 2010	<u>\$ 18,955</u>

**Schedule of Local District School Taxes Payable**

**Current Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009	(9,353)
Increased by:	
2010 Levy	<u>\$ 8,941,703</u>
	8,932,350
Decreased by:	
Cash Disbursed	<u>8,850,203</u>
Balance - June 30, 2010	<u>\$ 82,147</u>

**TOWN OF GUTTENBERG**  
**Schedule of County Taxes Payable**  
**Current Fund**  
**Year ended June 30, 2010**

Increased by:	
County Tax Levy	\$ <u>4,371,321</u>
Decreased by:	
Cash Disbursed	\$ <u><u>4,371,321</u></u>

**Schedule of Due County for Added  
and Omitted Taxes**  
**Current Fund**  
**Year ended June 30, 2010**

Increased by:	
2010 Added Levy	\$ <u>4,460</u>
Decreased by:	
Cash Disbursed	\$ <u><u>4,460</u></u>

## TOWN OF GUTTENBERG

## Schedule of 2009 Appropriation Reserves

## Current Fund

Year ended June 30, 2010

<u>Description</u>	<u>Balance June 30, 2009</u>	<u>Balance after Encumbrances and Transfers</u>	<u>Paid or charged</u>	<u>Balance lapsed</u>
<b>Salaries and Wages Within "CAPS"</b>				
Administrative and Executive	\$ 714	714		714
Collection of Taxes	2,048	2,048		2,048
Financial Administration	2,719	2,719		2,719
Assessment of taxes	22	22		22
Municipal Court	1,105	1,105		1,105
Legal services	1,668	1,668		1,668
Public Buildings and Grounds	5,585	5,585		5,585
Planning Board	9,679	9,679		9,679
Police Department	121,828	122,415	122,415	
Fire Inspector	11,945	11,945		11,945
Street Cleaning	281	281		281
Recreation	324	324		324
Senior Citizens Nutrition Program	8,081	8,081		8,081
Senior Citizens Transportation	319	319		319
UEZ Zone	261	261		261
Construction Code	521	521		521
License Inspector	1,625	1,625		1,625
<b>Total Salaries and Wages Within "CAPS"</b>	<b>168,725</b>	<b>169,312</b>	<b>122,415</b>	<b>46,897</b>
<b>Other Expenses Within "CAPS"</b>				
Administrative and Executive	5,425	12,233	11,027	1,206
Financial Administration	29,190	29,684	25,871	3,813
Assessment of taxes	5,897	5,938	41	5,897
Collection of Taxes	1,114	1,114		1,114
Municipal Court	593	593		593
Legal Services	10,421	14,987	8,760	6,227
Public Building and Grounds	195	10,504	10,219	285
Engineering	1,056	17,690	3,357	14,333
Unemployment Insurance	3,314	6,317	2,529	3,788
Police Department	2,113	13,251	8,897	4,354
Emergency Management Services	40	40		40
Fire Inspector	7,568	7,643	905	6,738
Street Cleaning	1,031	8,647	5,346	3,301
Recycling	25	25		25
Solid Waste	3,291	4,332	3,125	1,207
Public Health Services	699	699		699
Recreation	116	10,922	8,425	2,497
Senior Citizens Transportation	5,730	7,400	1,559	5,841
Celebration of Public Events		4,000	820	3,180
UEZ Zone	1,314	1,314		1,314
Construction Code Official	100	991	891	100
Street lighting	3			
Telephone	2,469	5,298	2,995	2,303
Sewerage	868	868		868
Fire Hydrant Service	172	3,924	3,753	171

## TOWN OF GUTTENBERG

## Schedule of 2009 Appropriation Reserves

## Current Fund

Year ended June 30, 2010

<u>Description</u>	Balance June 30, 2009	Balance after Encumbrances and Transfers	Paid or charged	Balance lapsed
Gasoline	7,944	9,514	1,873	7,641
Water	410	985	576	409
Technology	15,300	15,300	3,115	12,185
Contingent	9,370	9,370	5,343	4,027
	<u>115,768</u>	<u>203,583</u>	<u>109,427</u>	<u>94,156</u>
Total Other Expenses Within "CAPS"				
Deferred Charges and Statutory Expenditures- Municipal within "CAPS"				
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	22,644	19,646		19,646
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	<u>22,644</u>	<u>19,646</u>		<u>19,646</u>
Other Expenses Excluded From "CAPS"				
Library Services-North Bergen	100	100		100
Municipal Alliance-Match	8,100	8,100		8,100
North Hudson Regional Communication	78,000	78,000		78,000
Stormwater Management	32,150	32,150		32,150
North Hudson Regional Fire & Rescue	13,658	13,658		13,658
Total Other Expenses Excluded From "CAPS"	<u>132,008</u>	<u>132,008</u>		<u>132,008</u>
Total General Appropriations	<u>\$ 439,145</u>	<u>524,549</u>	<u>231,842</u>	<u>292,707</u>
		Appropriation Reserves 439,145		
		Encumbrances <u>85,404</u>		
		<u>\$ 524,549</u>		
		Cash Disbursements 109,427		
		Transferred to Reserve for Retroactive Pay <u>122,415</u>		
		<u>\$ 231,842</u>		

**TOWN OF GUTTENBERG**  
**Schedule of Reserve for Encumbrances**

**Current Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009	\$	85,404
Increased by:		
2009-2010 encumbrances		221,065
		306,469
Decreased by:		
Transferred to appropriation reserves		85,404
Balance - June 30, 2010	\$	221,065

**Schedule of Tax Overpayments**

**Current Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009	\$	77,479
Increased by:		
Cash Receipts		68,282
		145,761
Decreased by:		
Cash Disbursements	\$	51,022
Cancelled to Operations		8,665
Overpayments Applied		17,792
		77,479
Balance - June 30, 2010	\$	68,282

**TOWN OF GUTTENBERG**

**Schedule of Prepaid Taxes**

**Current Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009	\$ <u>3,379</u>
Decreased by:	
Taxes realized as revenue	\$ <u><u>3,379</u></u>

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

**Current Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009	\$ <u>6,764</u>
Balance - June 30, 2010	\$ <u><u>6,764</u></u>

**TOWN OF GUTTENBERG**

**Schedule of Interfunds Due from/(to) Other Funds**

**Current Fund**

**Year ended June 30, 2010**

	Balance June 30, <u>2009</u>	<u>Increased</u>	<u>Decreased</u>	Balance June 30, <u>2010</u>
Trust Funds:				
Animal License Fund	\$ 4,515	125	80	4,560
CDBG Trust Fund	154,500	87,393		241,893
Other Trust Fund	(63,917)	5,206	1,829	(60,540)
Escrow Trust Fund	12,208	47	526	11,729
Unemployment Trust Fund	(2,146)	2,146	1,654	(1,654)
Due from Payroll Agency Account	<u>25,770</u>		<u>22,771</u>	<u>2,999</u>
	<u>\$ 130,930</u>	<u>94,917</u>	<u>26,860</u>	<u>198,987</u>
			Cash Receipts \$ 1,554	
			Cash Receipts - Interfund Returned 2,009	
		Cash Disbursement 10,636		
		Reimbursement for expenses paid 78,903		
			Budget Revenue - Interfund Returned 22,771	
		Deposit errors 5,206		
			Reclassify interfund - due to Developer 526	
		Interest Earned 47		
		Statutory Excess 125		
		<u>94,917</u>	<u>26,860</u>	

**TOWN OF GUTTENBERG**

**Schedule of Due from/(to) Federal and State Grant Fund**

**Current Fund**

**Year Ended June 30, 2010**

Balance - June 30, 2009		\$	468,964
Increased by:			
Deposits made in error	\$	4,094	
Cash Disbursements		<u>54,747</u>	
			<u>58,841</u>
			527,805
Decreased by:			
Deferred Charge raised in Budget		7,185	
Grants Received - Unappropriated		33,005	
Grants Received - Appropriated		<u>42,540</u>	
			<u>82,730</u>
Balance - June 30, 2010		\$	<u><u>445,075</u></u>

TOWN OF GUTTENBERG

Schedule of Various Reserves

Current Fund

Year ended June 30, 2010

	Balance, June 30, <u>2009</u>	<u>Increased</u>	<u>Decreased</u>	Balance, June 30, <u>2010</u>
Reserve for:				
Accounts Payable	\$ 45,000		45,000	
Dedicated Fire Penalties	25,210		25,210	
State Library Aid	4,476			4,476
Tax Appeals		170,000		170,000
Police Retroactive Pay		122,415		122,415
Outside Liens	<u>7,008</u>	<u>393,526</u>	<u>393,029</u>	<u>7,505</u>
	<u>\$ 81,694</u>	<u>685,941</u>	<u>463,239</u>	<u>304,396</u>
		Cash Receipts 393,526		
		Cash Disbursement	418,239	
		Cancelled to Operations	45,000	
		Transferred from Budget Appropriations	170,000	
		Transferred from Appropriation Reserves	<u>122,415</u>	
		<u>\$ 685,941</u>	<u>463,239</u>	

**TOWN OF GUTTENBERG**

**Schedule of Tax Title Liens**

**Current Fund**

**Year ended June 30, 2010**

Increased by:

Transferred from taxes receivable	\$	3,392
Tax sale costs		<u>457</u>

Balance - June 30, 2010	\$	<u><u>3,849</u></u>
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## TOWN OF GUTTENBERG

## Schedule of Grants Receivable

## State and Federal Grant Fund

Year ended June 30, 2010

Purpose	Balance, June 30, 2009	2010 Budget Revenue Realized	Received	Balance, June 30, 2010
NJ Department of Transportation Trust Fund:				
(FY07) - Palisades Avenue & Adams St.	\$ 280,000		280,000	
(FY06) - Ferry, Broadway, Hudson	80,373		80,373	
2006 - Center of Place/Broadway Streetscape	51,054			51,054
NJ DOT Trust Fund - 2005	100,000			100,000
NJ DOT Trust Fund - 2003	2,676			2,676
NJ DOT Trust Fund - 2001	55,081			55,081
Clean Communities	640			640
Urban Enterprise Zone - Tree Beautification	2,250			2,250
Urban Enterprise Zone - FY08 - Tree Beautification	23,440			23,440
Urban Enterprise Zone - UEZ (Cars)	9,152			9,152
Urban Enterprise Zone - 2006	5,347			5,347
Urban Enterprise Zone - 2008 - Police Vehicle	12,273			12,273
Safe Kids Program	10,000			10,000
NJ DOT-2004-69th & 70th Street	2,608			2,608
Homeland Security grant - Police Radios	15,000			15,000
Livable Communities	25,500			25,500
Stop Violence Against Women	4,044			4,044
Stop Violence Against Women	1,000			1,000
Emergency Management Grant	5,000		5,000	
Recycling Tonnage Grant				
Drunk Driving Enforcement Fund		2,703	2,703	
DMV Fines		879	879	
Driving While Intoxicated		900	900	
Body Armor Grant		2,142	2,142	
Gang Resistance Education		31,070		31,070
Justice Assistance Grant - ARRA		31,492	31,492	
Recycling Tonnage Grant		3,102	3,102	
Clean Communities Grant		12,637	12,637	
Obey the Signs		3,286	3,286	
Summer Food Program		7,655	7,655	
Municipal Alliance	8,431	12,491	10,506	10,416
Alcohol Education Rehabilitation grant		1,160	1,160	
	<u>\$ 693,869</u>	<u>109,517</u>	<u>441,835</u>	<u>361,551</u>
		Cash receipts \$	364,831	
		Due from Current Fund	42,540	
		Unappropriated Reserves	<u>34,464</u>	
		<u>\$</u>	<u>441,835</u>	

**TOWN OF GUTTENBERG**  
**Schedule of Appropriated Grant Reserves**  
**State and Federal Grant Fund**  
**Year ended June 30, 2010**

<u>Purpose</u>	Balance, June 30, 2009	Budget appropriations	<u>Expended</u>	Balance, June 30, 2010
NJ DOT-2005	\$ 134,252			134,252
NJ DOT-2001	13,646			13,646
NJ DOT-Broadway	36,433			36,433
Alcohol Education and Rehabilitation Fund	874			874
Drunk Driving Enforcement Fund	254			254
Clean Communities	3,016			3,016
Clean Communities	3,377			3,377
Alcohol Education and Rehabilitation Fund	884			884
Homeland Security Grant - Police Radios	1,789			1,789
Urban Enterprise Zone	23,440			23,440
Urban Enterprise Zone - Police Vehicle	3,106			3,106
Livable Communities	22,400			22,400
Stop Violence Against Women	16,910			16,910
Highway Safety Grant	509			509
Alcohol Education and Rehabilitation Fund	681			681
Recycling Tonnage Grant	11,243			11,243
Clean Communities	7,530			7,530
Recycling Grant	2,252			2,252
Urban Enterprise Zone	7,152			7,152
Drunk Driving Enforcement Fund	3,747			3,747
Municipal Alliance	1,449			1,449
NJ DOT 2006-69th Street	4,338			4,338
NJ DOT 2007- Imps. to Palisades Ave./Adams St.	15,750			15,750
Urban Enterprise Zone - 2006	14,688			14,688
Domestic Violence Grant	1,000			1,000
Urban Enterprise Zone - 2007-Tree Beautification	9,612			9,612
NJ DOT-2006 - Imps. to Broadway/Hudson/Ferry	2,850			2,850
Emergency Management Grant	5,000		1,936	3,064
Recycling Tonnage Grant	1,378			1,378
Drunk Driving Enforcement Fund	3,478			3,478
Click It Or Ticket	3,124			3,124
Clean Communities Grant	1,318			1,318
Obey the Signs	3,659			3,659
Handicapped Grant	1,115			1,115
Municipal Alliance	6,583		6,250	333
Drunk Driving Enforcement Fund		2,703		2,703
DMV Fines		879		879
Driving While Intoxicated		900	842	58
Body Armor Grant		2,142		2,142
Gang Resistance Education		31,070		31,070
JAPARRA		31,492	31,492	
Recycling Tonnage Grant		3,102		3,102
Clean Communities Grant		12,637		12,637
Obey the Signs		3,286		3,286
Summer Food Program		7,655	6,135	1,520
Municipal Alliance		12,491	12,491	
Alcohol Education Rehabilitation grant		1,160	819	341
Alcohol Education Rehabilitation grant	1,552			1,552
	<u>\$ 370,389</u>	<u>109,517</u>	<u>59,965</u>	<u>419,941</u>
		Cash	1,661	
		Encumbrances Payable	3,557	
		Due to Current Fund	<u>54,747</u>	
		<u>\$ 59,965</u>		

**TOWN OF GUTTENBERG**

**Schedule of Unappropriated Grant Reserves**

**State and Federal Grant Fund**

**Year ended June 30, 2010**

<u>Purpose</u>	Balance, June 30, <u>2009</u>	<u>Received</u>	Appropriated in 2010 <u>Budget</u>	Balance, June 30, <u>2010</u>
Alcohol Education Rehabilitation Fund	\$ 1,160	1,960	1,160	1,960
Body Armor Replacement Fund	2,142	1,037	2,142	1,037
DMV Fines	879		879	
Clean Communities	12,637	13,159	12,637	13,159
Recycling Tonnage Grants		5,280		5,280
Obey the Signs	3,286	2,704	3,286	2,704
Recycling Tonnage Grants	3,102		3,102	
Combating Underage Drinking	2,703	4,000	2,703	4,000
Over the Limit Under Arrest		3,784		3,784
Urban Enterprise Zone - FY09 Administration	5,515			5,515
Urban Enterprise Zone - FY10 Administration		4,904		4,904
Driving while Intoxicated	900		900	
Summer Food	7,655	15,209	7,655	15,209
	<u>\$ 39,979</u>	<u>52,037</u>	<u>34,464</u>	<u>57,552</u>

TOWN OF GUTTENBERG

Schedule of Cash - Treasurer

Trust Funds

Year ended June 30, 2010

	Animal License Fund	Unemployment Compensation Fund	Community Development Block Grant	Other Trust Funds
Balance - June 30, 2009	\$ 8,604	2,171	71,502	552,137
Increased by:				
Interfunds		19,447		7,143
Employee payroll deductions		4,035		
Dog License Fees	1,118			
State Fees	381			986
Miscellaneous Reserves				309,685
	<u>1,499</u>	<u>23,482</u>		<u>317,814</u>
	<u>10,103</u>	<u>25,653</u>	<u>71,502</u>	<u>869,951</u>
Decreased by:				
State Fees	416			1,750
Interfunds		1,783	23,391	1,040
Animal license expenditures	1,136			
Unemployment Claims payable		2,677		
Miscellaneous Reserves				188,970
	<u>1,552</u>	<u>4,460</u>	<u>23,391</u>	<u>191,760</u>
Balance - June 30, 2010	\$ <u>8,551</u>	<u>21,193</u>	<u>48,111</u>	<u>678,191</u>

TOWN OF GUTTENBERG

Schedule of Reserve for Expenditures

Animal License Fund

Year ended June 30, 2010

Balance - June 30, 2009		\$	3,027
Increased by:			
Dog license fees	\$	1,088	
Fees collected due from Other Trust Fund		88	
Fees collected due from Current Fund		69	
Postage/late fees		30	
			<u>1,275</u>
			4,302
Decreased by:			
Disbursements		1,136	
Statutory excess due Current Fund		125	
			<u>1,261</u>
Balance - June 30, 2010		\$	<u><u>3,041</u></u>

Dog License Fees Collected

2009	1,639
2008	<u>1,402</u>
	\$ <u><u>3,041</u></u>

**TOWN OF GUTTENBERG**

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

**Animal License Trust Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009		\$	1,062
Increased by:			
2009-10 fees collected	\$	381	
Fees collected due from Other Trust Fund		19	
Fees collected due from Current Fund		<u>11</u>	
			<u>411</u>
			1,473
Decreased by:			
Paid to State Treasurer			<u>416</u>
Balance - June 30, 2010		\$	<u><u>1,057</u></u>

**TOWN OF GUTTENBERG**

**Schedule of Community Development Block  
Grants Receivable**

**Community Development Block Grant Trust Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009	\$ 227,699
Increased by:	
Grant Awarded	<u>200,000</u>
Balance - June 30, 2010	<u><u>\$ 427,699</u></u>

<u>Analysis of Balance</u>	
Commerical Revitalization	4,699
Municipal Parking Expansion	98,000
Boulevard East Streetscape, Phase 3	125,000
Community Center	<u>200,000</u>
	<u><u>\$ 427,699</u></u>

**TOWN OF GUTTENBERG**

**Schedule of Reserve for Community  
Development Block Grants Expenditures**

**Community Development Block Grant Trust Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009		\$	121,310
Increased by:			
Grant Awarded			<u>200,000</u>
			321,310
Decreased by:			
Due to Current Fund	\$	87,393	
Due to General Capital		<u>70,998</u>	
			<u>158,391</u>
Balance - June 30, 2010		\$	<u><u>162,919</u></u>

TOWN OF GUTTENBERG

Schedule of Amount Due to State of New Jersey

Other Trust Funds

Year ended June 30, 2010

Balance - June 30, 2009		\$	656
Increased by:			
Due from Current Fund	\$	789	
Cash Receipts		<u>986</u>	
			<u>1,775</u>
			2,431
Decreased by:			
Cash Disbursements			<u>1,750</u>
Balance - June 30, 2010		\$	<u><u>681</u></u>

Analysis of Balance

Marriage License Fees - PY Unallocated	(73)
Marriage License Fees - Second Qtr. 2010	500
DCA Fees	<u>254</u>
\$	<u><u>681</u></u>

**TOWN OF GUTTENBERG**

**Schedule of Due from Municipal Court**

**Other Trust Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009	\$ <u>847</u>
Balance - June 30, 2010	\$ <u><u>847</u></u>
November 2005 Fees	\$ <u><u>847</u></u>

## TOWN OF GUTTENBERG

## Schedule of Interfunds

## Trust Funds

Year ended June 30, 2010

	Balance Due from/(to) June 30, <u>2009</u>	<u>Increased</u>	<u>Decreased</u>	Balance, from/(to) June 30, <u>2010</u>
Animal License Fund:				
Other Trust Fund	\$		107	107
Current Fund	(4,515)	125	80	(4,560)
Community Development Block Grant Fund:				
Current Fund	(154,500)	87,393		(241,893)
General Capital Fund	(23,391)	70,998	23,391	(70,998)
Unemployment Trust Fund:				
Other Trust Fund	(1,783)		1,783	
Current Fund	2,146	2,146	1,654	1,654
Payroll Agency	17,301	17,301		
Net Payroll			1,061	1,061
Other Trust Fund:				
Animal License Trust Fund		107		(107)
Escrow Trust - Current Fund	(12,208)	47	526	(11,729)
Unemployment Trust Fund	1,783	1,783		
Current Fund	63,917	5,206	1,829	60,540
	<u>\$ (111,250)</u>	<u>185,106</u>	<u>30,324</u>	<u>(266,032)</u>
		Cash Receipts \$	26,590	
		Cash Disbursements		26,214
		Deposits posted to Current in error		869
		Reclassify interest earned due to Developers		526
		Reimbursement for expenditures made	158,391	
		Employee payroll deductions		2,715
		Statutory Excess	125	
			<u>\$ 185,106</u>	<u>30,324</u>

## TOWN OF GUTTENBERG

## Schedule of Miscellaneous Reserves

## Other Trust Funds

Year ended June 30, 2010

	Balance, June 30, <u>2009</u>	<u>Increased</u>	<u>Decreased</u>	Balance, June 30, <u>2010</u>
Reserve for:				
Planning Board Escrow	\$ 2,654			2,654
P.O.A.A.	45,517	12,287	19,205	38,599
Law Enforcement Trust	497			497
Recreation Trust	7,432		1,253	6,179
Street Opening Deposits	1,500	189		1,689
Performance Bond - Bulls Ferry	85,000			85,000
150th Anniversary	1,040	13,245	14,688	(403)
Safe Kids Day	3,580			3,580
Fire Prevention	13,627	39,375	4,845	48,157
Builders Escrow Deposits	136,410	28,336	48,648	116,098
Police Special Detail	91,404	62,239	55,731	97,912
Public Defender	29,534	6,532		36,066
Accessed Forfeiture		76,408		76,408
Tax Sale Premiums	188,500	71,600	44,600	215,500
	<u>\$ 606,695</u>	<u>310,211</u>	<u>188,970</u>	<u>727,936</u>
		Cash Receipts 309,685		
		Cash Disbursements 188,970		
		Reclassify interest earned due to Developers 526		
		<u>\$ 310,211</u>	<u>188,970</u>	

**TOWN OF GUTTENBERG**

**Schedule of Reserve for Unemployment  
Compensation Insurance**

**Unemployment Insurance Compensation Trust**

**Year ended June 30, 2010**

Balance - June 30, 2009		\$	19,835
Increased by:			
Employee payroll deductions	\$	4,035	
Payroll deductions due from Current		1,654	
Payroll deductions due from Net Payroll		<u>1,061</u>	
			<u>6,750</u>
			26,585
Decreased by:			
Payment of Unemployment Insurance claims		2,677	
Unemployment Insurance claims payable		<u>1,809</u>	
			<u>4,486</u>
Balance - June 30, 2010		\$	<u><u>22,099</u></u>

**TOWN OF GUTTENBERG**

**Schedule of Cash - Treasurer**

**General Capital Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009		\$	983,873
Increased by receipts:			
Due from Community Development Trust	\$	23,391	
Capital Improvement Fund		<u>200,000</u>	
			<u>223,391</u>
			1,207,264
Decreased by disbursements:			
Reserve for Payment of Debt		21,751	
Due from Community Development Trust Fund		70,998	
Improvement Authorizations		<u>119,172</u>	
			<u>211,921</u>
Balance - June 30, 2010		\$	<u><u>995,343</u></u>

**TOWN OF GUTTENBERG**

**Schedule of General Capital Fund Cash**

**General Capital Fund**

**June 30, 2010**

Capital Improvement Fund	\$	312,284
Due From Federal and State Grant Fund		(24,280)
Due from Community Development Trust Fund		(70,998)
Grant Receivable		(440,000)
Fund Balance		24,104

Improvement description

01-2005	Pension Refunding	19,293
02-2005	Various Capital Improvements	31,350
18-2006	Various Capital Improvements	227,230
5-2008/15-2008	Various Capital Improvements	216,323
6-2008	Improvements to Waterfront Park	402,500
13-2008	Refunding Tax Appeals	188,419
14-2008	Improvements to 71st Street	24,118
03-2010	Improvements to 71st Street	85,000
		<hr/>
		\$ 995,343
		<hr/> <hr/>

**TOWN OF GUTTENBERG**

**Schedule of Deferred Charges to Future  
Taxation - Funded**

**General Capital Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009		\$	3,967,747
Decreased by:			
Budget appropriations:			
Green Acres Loan	\$	28,372	
Municipal Bonds		<u>425,000</u>	
			<u>453,372</u>
Balance - June 30, 2010		\$	<u><u>3,514,375</u></u>

TOWN OF GUTTENBERG

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended June 30, 2010

Ordinance number	Improvement description	Balance, June 30, 2009	2010 Authorizations	Decreased by:	Balance, June 30, 2010	Analysis of Balance - June 30, 2010	
						Funded by Bond Anticipation Notes	Unexpended improvement authorization
01-2005	Pension refunding	\$ 20,000			20,000		20,000
02-2005	Various Capital Improvements	441,000		17,000	424,000	424,000	
18-2006	Various Capital Improvements	522,500			522,500	522,500	
5-2008	Various Capital Improvements	370,500			370,500	370,500	
6-2008	Improvements to Waterfront Park	295,000			295,000	295,000	
13-2008	Refunding of Tax Appeals	600,000		75,000	525,000	525,000	
14-2008	Improvements to 71st Street	25,000			25,000	25,000	
03-2010	Improvements to 71st Street, Sec. 4		30,000		30,000		30,000
		\$ 2,274,000	30,000	92,000	2,212,000	2,162,000	50,000
	Budget Appropriation			17,000			
	Improvement Authorizations - Unfunded \$						1,032,440
	Less: Unexpended note proceeds:						
	Ord. 2-2005						31,350
	Ord. 18-2006						227,230
	Ord. 5-2008						216,323
	Ord. 6-2008						295,000
	Ord. 13-2008						188,419
	Ord. 14-2008						24,118
							\$ 50,000

**TOWN OF GUTTENBERG**

**Schedule of Due from Community Development Trust Fund**

**General Capital Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009	\$ 23,391
Increased by:	
Grant expenditures charged to Capital in error - Ord. 18-2006	<u>70,998</u>
	94,389
Decreased by:	
Cash Receipts	<u>23,391</u>
Balance - June 30, 2010	<u><u>\$ 70,998</u></u>

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

**General Capital Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009	\$ 200,000
Increased by:	
Grant Awards	<u>85,000</u>
Balance - June 30, 2010	<u><u>\$ 285,000</u></u>

Analysis of Balance

Ord. 03-2010: Imps. To 71st. Street	\$ 85,000
Ord. 14-2008: Imps. To 71st. Street	<u>200,000</u>
	<u><u>\$ 285,000</u></u>

**TOWN OF GUTTENBERG**

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

**General Capital Fund**

**Year ended June 30, 2010**

Balance - June 30, 2009	\$ <u>155,000</u>
Balance - June 30, 2010	\$ <u><u>155,000</u></u>
	<u>Analysis of Balance</u>
Ord. 6-2008: Improvements to Waterfront Park	\$ <u><u>155,000</u></u>

TOWN OF GUTTENBERG

Schedule of Serial Bonds

General Capital Fund

Year ended June 30, 2010

Purpose	Date of issue	Original issue	Maturities of bonds outstanding		Interest rate	Balance, June 30, 2009	Decreased	Balance, June 30, 2010
			Date	Amount				
General Obligation Bonds	Apr. 1, 1991	3,437,000	April 1, 2011-12	175,000	6.85%	1,322,000	175,000	1,147,000
			April 1, 2013-15	200,000				
			April 1, 2016	197,000				
General Obligation Bonds	Feb. 1, 2003	2,230,000	Feb. 1, 2011	210,000	3.75%	1,640,000	200,000	1,440,000
			Feb. 1, 2012	230,000				
			Feb. 1, 2013	235,000				
			Feb. 1, 2014	240,000				
			Feb. 1, 2015	245,000				
			Feb. 1, 2016	280,000				
Pension Refunding Bonds	Apr. 1, 2005	755,000	April 1, 2011	55,000	5.83%	625,000	50,000	575,000
			April 1, 2012	65,000				
			April 1, 2013	70,000				
			April 1, 2014	80,000				
			April 1, 2015	90,000				
			April 1, 2016	100,000	5.83%			
			April 1, 2017	115,000	5.83%			
						\$ 3,587,000	425,000	3,162,000

**TOWN OF GUTTENBERG**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year ended June 30, 2010**

Balance - June 30, 2009	\$ 112,284
Increased by:	
Budget Appropriation	<u>200,000</u>
Balance - June 30, 2010	<u><u>\$ 312,284</u></u>

**Schedule of Reserve for Payment of Debt - Ord. 23-2002**  
**General Capital Fund**  
**Year ended June 30, 2010**

Balance - June 30, 2009	\$ <u>21,751</u>
Decreased by:	
Utilized as budget revenue	<u><u>\$ 21,751</u></u>

TOWN OF GUTTENBERG

Schedule of Improvement Authorizations

General Capital Fund

Year ended June 30, 2010

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, June 30, 2009		Authorized	Expended	Canceled	Balance, June 30, 2010	
				Funded	Unfunded				Funded	Unfunded
	Various improvements-sewer system	Nov 2, 1988	\$ 2,200,000	\$ 50				50		
967	Acquisition of Recreation Vans		70,000	9,089				9,089		
8-2001	Various Improvements			87				87		
34-2001	Acquisition of Parking Meters	Oct. 5, 2000	33,000	7,037				7,037		
23-2002	Various Capital Improvements	Nov. 14, 2002	750,000	7,841				7,841		
02-2005	Various Capital Improvements	Jan. 24, 2005	500,000		31,350					31,350
01-2005	Pension Refunding	Jan. 24, 2005	775,000	19,293	20,000				19,293	20,000
18-2006	Various Capital Improvements	Dec. 11, 2006	550,000		238,288				11,058	227,230
5-2008/15-2008	Various Capital Improvements	Mar. 24, 2008	390,000		276,094				59,771	216,323
		Feb. 2, 2009	540,000							
6-2008	Improvements to Waterfront Park	Mar. 24, 2008	450,000	125,700	295,000				107,500	295,000
13-2008	Refunding of Tax Appeals	Feb. 9, 2009	600,000		188,419					188,419
14-2008	Improvements to 71st Street	Feb. 9, 2009	225,000	29,261	25,000				30,143	24,118
03-2010	Improvements to 71st Street	Mar. 1, 2010	115,000			115,000			85,000	30,000
			\$ 198,358	\$ 1,074,151					24,104	1,032,440

Deferred Charges Unfunded Grants \$ 30,000  
85,000  
\$ 115,000

Cash Disbursed \$ 119,172  
\$ 119,172

TOWN OF GUTTENBERG

Schedule of Green Acres Loans Payable

General Capital Fund

Year ended June 30, 2010

Purpose	Date of issue	Original issue	Maturities of Loans Outstanding		Interest rate	Balance, June 30, 2009	Decreased	Balance, June 30, 2010
			Date	Amount				
Ball Field Project No. 0903-94-052	3/11/2005	475,200	7/11/2010	14,399	2.00%	380,747	28,372	352,375
			1/11/2011	14,543				
			7/11/2011	14,689				
			1/11/2012	14,836				
			7/11/2012	14,984				
			1/11/2013	15,134				
			7/11/2013	15,285				
			1/11/2014	15,438				
			7/11/2014	15,592				
			1/11/2015	15,748				
			7/11/2015	15,906				
			1/11/2016	16,065				
			7/11/2016	16,226				
			1/11/2017	16,388				
			7/11/2017	16,552				
			1/11/2018	16,717				
			7/11/2018	16,884				
		1/11/2019	17,053					
		7/11/2019	17,224					
		1/11/2020	17,396					
		7/11/2020	17,570					
		1/11/2021	17,746					
						\$ 380,747	28,372	352,375

TOWN OF GUTTENBERG

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year ended June 30, 2010

Ord. Number	Purpose	Date of original issue	Original issue	Date of Maturity	Interest rate	Balance, June 30, 2009	Increased	Decreased	Balance, June 30, 2010
2-2005	Various Capital Improvements	Apr. 7, 2005	475,000	Mar. 23, 2011	1.50%	441,000	424,000	441,000	424,000
18-2006	Various Capital Improvements	Mar. 24, 2008	522,500	Mar. 23, 2011	1.50%	522,500	522,500	522,500	522,500
06-2008	Waterfront Park Improvements	Mar. 23, 2009	295,000	Mar. 23, 2011	1.50%	295,000	295,000	295,000	295,000
13-2008	Refunding Tax Appeals	Mar. 23, 2009	600,000	Mar. 23, 2011	1.50%	600,000	525,000	600,000	525,000
14-2008	Improvements to 71st Street	Mar. 23, 2009	25,000	Mar. 23, 2011	1.50%	25,000	25,000	25,000	25,000
5-2008/15-2008	Various Capital Improvements	Mar. 23, 2009	370,500	Mar. 23, 2011	1.50%	370,500	370,500	370,500	370,500
						\$ 2,254,000	2,162,000	2,254,000	2,162,000
							Renewed 2,162,000	2,162,000	
							Paid via Budget Appropriation 92,000	92,000	
							\$ 2,162,000	2,254,000	

TOWN OF GUTTENBERG

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended June 30, 2010

<u>Ordinance number</u>	<u>Improvement description</u>	Balance, June 30, <u>2009</u>	<u>Authorized</u>	Balance, June 30, <u>2010</u>
01-2005	Pension Refunding	20,000		20,000
03-2010	Improvements to 71st Street		30,000	30,000
		<u>\$ 20,000</u>	<u>30,000</u>	<u>50,000</u>

**TOWN OF GUTTENBERG**

**PART II**

**LETTERS ON COMPLIANCE AND ON INTERNAL CONTROL**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED JUNE 30, 2010**

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

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

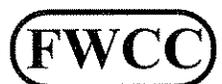
Honorable Mayor and  
Members of the Town Council  
Town of Guttenberg  
County of Hudson, New Jersey

We have audited the financial statements-regulatory basis of the Town of Guttenberg in the County of Hudson as of and for the year ended June 30, 2010, and have issued our report thereon dated January 13, 2011. Our report disclosed that, as described in note 1 to the financial statements-regulatory basis, the Town of Guttenberg prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Guttenberg's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Guttenberg's internal control over financial reporting.

*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.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

As noted in the accompanying Schedule of Findings and Questioned Costs, we consider the following to be significant deficiencies:

- Failure to maintain and update an inventory of general fixed assets

We did not consider the significant deficiency noted above to be a material weakness.

#### 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.

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.

This report is intended solely for the information of management, The Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.



Steven D. Wielkocz, C.P.A.  
Registered Municipal Accountant  
No. CRO0413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

January 13, 2011

**TOWN OF GUTTENBERG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Section II - Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of General Auditing Standards.

**Finding 2010-1:**

Our audit revealed that the Town's existing inventory of general fixed assets has not been updated in a number of years.

**Criteria or specific requirement:**

State of New Jersey, Division of Local Government Services, Technical Accounting Directive 85-2, and New Jersey Administrative Code 5:30-5.6.

**Condition:**

Additions and deletions to the fixed asset inventory are not currently maintained in the accounting records of the General Fixed Assets Account Group.

**Questioned Costs:**

None

**Context:**

Financial activities relating to the acquisition and disposal of fixed assets is not currently maintained.

**Effect:**

Fixed assets that are acquired and/or disposed of are not reflected in the Town's financial records. The Independent Auditor's report on the financial statements is qualified with respect to the General Fixed Assets Account Group.

**Recommendation:**

It is recommended that a fixed asset inventory be performed and updated on a current basis.

**Management's Response:**

Management will contract with an asset appraisal company to have a physical inventory of the Town's fixed assets conducted.

**TOWN OF GUTTENBERG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
STATUS OF PRIOR YEAR FINDINGS**

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

**STATUS OF PRIOR YEAR AUDIT FINDINGS**

**Finding 2009-1:**

The Town's existing inventory of general fixed assets has not been updated in a number of years in violation of State and New Jersey, Division of Local Government Services, Technical Accounting Directive 85-2, and New Jersey Administrative Code 5:30-5.6.

**Current Status:**

Unresolved, see Finding 2010-1

## 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, by 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.

## TOWN OF GUTTENBERG

### GENERAL COMMENTS, (continued)

Effective July 1, 2005, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$21,000 and with a qualified purchasing agent the threshold may be up to \$29,000.

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 indicated that bids were requested by public advertising for the following items:

Construction of Waterfront Park  
Snow Removal Services

Demolition of 300-302 68<sup>th</sup> Street

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 4, 2010 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, taxes are payable in quarterly installments on February 1, May 1, August 1 and November 1 of each year and installments become delinquent if not paid on or before these dates,

THEREFORE, BE IT RESOLVED that Mayor and Council authorize an interest charge of 8% per annum, upon delinquent installments of taxes and assessments; and

**TOWN OF GUTTENBERG**

**GENERAL COMMENTS, (continued)**

BE IT FURTHER RESOLVED, that the Mayor and Council authorize an interest charge of 18% per annum upon delinquent installments of taxes in excess of \$1,500.00 and an additional penalty of 6% on delinquencies in excess of \$10,000.00 at the end of the calendar year and,

BE IT FURTHER RESOLVED, that the Mayor and Council provide a grace period of 10 days, within which an installment of taxes or assessment may be received without an additional charge of interest; and

BE IT FURTHER RESOLVED, that any installment received after the expiration of the grace period shall bear interest from the due date,

BE IT FURTHER RESOLVED, that the rate of interest to be charged upon tax liens is hereby set at 18% per annum, and a copy of this resolution is to be filed with the Tax Collector - Treasurer and the Tax Assessor of the Town of Guttenberg

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on June 23, 2010 and was 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 June 30, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2010	3
2009	0
2008	0

## TOWN OF GUTTENBERG

### OTHER COMMENTS

#### FINANCE/TAX COLLECTOR

- 1.\* Goods and services are being ordered prior to being encumbered as prescribed by Technical Directive #1.
- 2.\* Not all employee W-4 forms were available for review.
- 3.\* Some vouchers were not available for review at time of audit.
- 4.\* The Town does not keep a fixed asset report detailing additions and deletions.
- 5.\* There were instances in which expenditures were charged to the incorrect budget account and/or budget year.
- 6.\* Vendor invoices were not always available to support expenditures as required by the Division of Local Government Services, Requirements of Audit for Expenditures and Disbursements.
- 7.\* Not all bill lists are being presented to Mayor and Council for approval.
- 8.\* Bank reconciliations are not performed for both the Tax Collector and Redemption accounts.
- 9.\* Cash tax collections are not proved to the collections per the tax system on a monthly basis and are not in agreement at year end.
- 10.\* Daily deposits were not always in agreement with daily receipt journals nor was all documentation to support the deposits available for review as required by the Division of Local Government Services, Requirements of Audit for Revenue and Receipts.
- 11.\* Not all authorizing signatures are present on all purchase orders as required by the Division of Local Government Services, Requirements of Audit for Expenditures and Disbursements and the Town's purchasing procedures.
- 12.\* Deposits are not always made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.
- 13.\* There are various old grant receivables in the Federal and State Grant Fund.
- 14.\* There exists a substantial amount of appropriated grant reserves available for expenditure.
15. There were several instances in which receipt posting and deposit errors were discovered resulting in the creation of numerous interfunds between the funds.
16. Documentation to support the recording of grant receipts was not made available for review.
17. Monthly bank reconciliations for the Payroll Agency Account were not performed on a consistent basis.
18. A reconciled cash deficit exists in the Net Payroll Account at year end.
19. Escrow disbursements are not being made in a timely manner.
20. Our review of the payroll processing system determined that there is a lack of segregation of duties in the processing of payroll.

## TOWN OF GUTTENBERG

### OTHER COMMENTS, (continued)

#### MUNICIPAL COURT

- 1.\* The analysis of open bail per the ATS/ACS reports is not in agreement with the reconciled cash balance in the bail account at June 30, 2010.
- 2.\* Stale-dated checks are being carried as part of the reconciliation.
- 3.\* A review of the Court's ATS/ACS Monthly Management Report revealed the following:
  - a.) Tickets assigned over 180 days: 203
  - b.) Complaints eligible for warrant: 82

#### DEPARTMENTS

##### Building Department:

- 1.\* Payments made for DCA fees are not being processed through the accounts payable department and thus are not approved prior to payment.
- 2.\* Reconciliations are not being performed for the Building Department's bank account.

##### Animal License Clerk:

- 3.\* Dog license reports are not being filed accurately on a quarterly basis as agreed upon with the State of New Jersey.
- 4.\* The Dog clerk does not turn over funds collected in a timely manner.

##### License Department:

5. The fee schedule utilized by the department is not in agreement with the adopted fee ordinance on file.

## TOWN OF GUTTENBERG

### RECOMMENDATIONS

#### FINANCE/TAX COLLECTOR

- 1.\* That all goods and services be encumbered against the budget prior to purchase.
- 2.\* All employee W-4 forms should be made available for audit review.
- 3.\* That all vouchers be made available for review at time of audit.
- 4.\* A fixed asset report detailing additions and deletions be compiled and maintained.
- 5.\* All expenditures be reviewed carefully to ensure the appropriate budget accounts and/or budget year.
- 6.\* That supporting documentation be presented for all purchases and be made available for audit review.
- 7.\* That bill lists be presented to the Mayor and Council for approval.
- 8.\* Bank reconciliations should be performed on all bank accounts maintained by the Tax Collector.
- 9.\* Monthly tax proofs be performed to ensure cash collections are in agreement with those posted to the system.
- 10.\* That more care be taken when reviewing the daily revenue journal and the daily deposited to ensure both agree and any discrepancies be resolved.
- 11.\* That all authorizing signatures are present on all purchase orders.
- 12.\* All deposits be made within 48 hours of receipt.
- 13.\* The various old grant receivables in the Federal and State Grant Fund should be investigated to see if collection is possible and cancelled if necessary.
- 14.\* That greater effort be made to charge allowable grant expenditures to applicable appropriated grant reserves.
15. A review of all miscellaneous receipt documentation be made prior to deposit to ensure all receipts are properly recorded and deposited in the appropriate funds/revenue categories.
16. That supporting documentation for receipt of all grant awards be made available for review at the time of audit.
17. Bank reconciliations should be performed on a monthly basis for the Payroll Agency Account.
18. The reconciled cash deficit in the Net Payroll Account should be investigated and corrected.
19. Escrow disbursements should be made in a timely manner.
20. Township personnel implement procedures to ensure that payroll input procedures be independent from the processing and approval functions.

**TOWN OF GUTTENBERG**  
**RECOMMENDATIONS, (continued)**

**MUNICIPAL COURT**

- 1.\* The Bail on account per ATS/ACS must be reconciled to the Bail Account cash on a monthly basis.
- 2.\* That all stale-dated checks be properly cancelled and removed as reconciling items.
- 3.\* The Court review the Monthly Management reports and take steps to reduce the number of tickets assigned over 180 days and complaints eligible for warrant.

**DEPARTMENTS**

**Building Department:**

- 1.\* A voucher system be utilized by the Building Department for all disbursements.
- 2.\* A bank reconciliation be performed on a monthly basis.

**Animal License Clerk:**

- 3.\* Dog license reports be filed with the State of New Jersey on a monthly or quarterly basis.
- 4.\* All fees collected by the Dog Clerk be turned over to the Treasurer in a timely manner.

**License Department:**

5. Department personnel utilize the fee ordinance authorized by the Mayor and Council when levying license fees.

**TOWN OF GUTTENBERG**

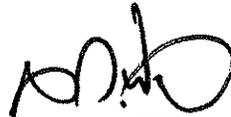
Status of Prior Year Audit Findings/Recommendations

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. Wielkocz  
Registered Municipal Accountant  
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

January 13, 2011