

TOWN OF GUTTENBERG

**Financial Statements With
Supplementary Information**

December 31, 2011

(With Independent Auditors' Reports Thereon)

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TOWN OF GUTTENBERG

TABLE OF CONTENTS

PART I

<u>Exhibit/ Schedules</u>		<u>Page</u>
	Independent Auditor's Report	1
	FINANCIAL STATEMENTS	
	<u>Current Fund</u>	
A	Balance Sheet-Regulatory Basis	3
A-1	Statement of Operations and Changes in Fund Balance-Regulatory Basis	5
A-2	Statement of Revenues-Regulatory Basis	7
A-3	Statement of Expenditures-Regulatory Basis	10
	<u>Trust Funds</u>	
B	Balance Sheet-Regulatory Basis	18
	<u>General Capital Fund</u>	
C	Balance Sheet-Regulatory Basis	20
C-1	Schedule of Fund Balance	21
	<u>Payroll Account</u>	
F	Balance Sheet-Regulatory Basis	22
	<u>General Fixed Assets Account Group</u>	
G	Statement of General Fixed Assets-Regulatory Basis	23
	Notes to Financial Statements	24
	Supplementary Data	49
1	Schedule of Expenditures of Federal Awards	52
2	Schedule of Expenditures of State Awards	53

TOWN OF GUTTENBERG

TABLE OF CONTENTS (Continued)

PART I, (Continued)

<u>Exhibit/ Schedules</u>		<u>Page</u>
	<u>Current Fund</u>	
A-4	Schedule of Cash - Collector/Treasurer	56
A-5	Schedule of Taxes Receivable and Analysis of Property Tax Levy	57
A-6	Schedule of Revenue Accounts Receivable	58
A-7	Schedule of Deferred Charges N.J.S.A. 40A:4-53, Special Emergency Authorizations	59
A-8	Schedule of Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	60
A-9	Schedule of Local District School Taxes Payable	60
A-10	Schedule of County Taxes Payable	61
A-11	Schedule of Due County for Added and Omitted Taxes	61
A-12	Schedule of 2010 Appropriation Reserves	62
A-13	Schedule of Reserve for Encumbrances	64
A-14	Schedule of Tax Overpayments	64
A-15	Schedule of Prepaid Taxes	65
A-16	Schedule of Amount Due to the Hudson County Treasurer - Court Fines and Costs	65
A-17	Schedule of Interfunds Due from/(to) Other Funds	66
A-18	Schedule of Due from/(to) Federal and State Grant Fund	67
A-19	Schedule of Various Reserves	68
A-20	Schedule of Tax Title Liens	69
A-21	Schedule of Grants Receivable - State and Federal Grant Fund	70
A-22	Schedule of Appropriated Grant Reserves - State and Federal Grant Fund	71
A-23	Schedule of Unappropriated Grant Reserves - State and Federal Grant Fund	73

TOWN OF GUTTENBERG

TABLE OF CONTENTS (Continued)

PART I, (Continued)

<u>Exhibit/ Schedules</u>		<u>Page</u>
	<u>Trust Funds</u>	
B-1	Schedule of Cash - Treasurer	74
B-2	Schedule of Reserve for Expenditures - Animal License Fund	75
B-3	Schedule of Due to State of New Jersey - Animal License Fees	76
B-4	Schedule of Community Development Block Grants Receivable	77
B-5	Schedule of Reserve for Community Development Block Grants Expenditures	78
B-6	Schedule of Amount Due to State of New Jersey	79
B-7	Schedule of Interfunds	80
B-8	Schedule of Miscellaneous Reserves	81
B-9	Schedule of Reserve for Unemployment Compensation Insurance	82
	<u>General Capital Fund</u>	
C-2	Schedule of Cash - Treasurer	83
C-3	Schedule of General Capital Fund Cash	84
C-4	Schedule of Deferred Charges to Future Taxation - Funded	85
C-5	Schedule of Deferred Charges to Future Taxation - Unfunded	86
C-6	Schedule of Due from Community Development Trust Fund	87
C-7	Schedule of Grants Receivable - State of New Jersey Department of Transportation	87
C-8	Schedule of Grants Receivable - State of New Jersey Green Acres Program	88
C-9	Schedule of Serial Bonds	89
C-10	Schedule of Capital Improvement Fund	90
C-11	Schedule of Interfund Payable/(Receivable) - Due to Current Fund	90
C-12	Schedule of Reserve for Payment of Notes - Ord. 15-2008	91
C-13	Schedule of Improvement Authorizations	92
C-14	Schedule of Green Acres Loans Payable	93
C-15	Schedule of Bond Anticipation Notes Payable	94
C-16	Schedule of Bonds and Notes Authorized but not Issued	95

TOWN OF GUTTENBERG

TABLE OF CONTENTS (Continued)

PART II

	<u>Page</u>
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	96
Schedule of Findings and Questioned Costs	98
General Comments	99
Recommendations	104
Status of Prior Year Audit Findings/Recommendations	106
Acknowledgment	106

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkocz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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 year ended December 31, 2011 and the six month period ended December 31, 2010, and the related statements of operations and changes in fund balance-regulatory basis for the periods then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2011. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

Honorable Mayor and
Members of the Town Council
Page 2.

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 the year ended December 31, 2011 and the six month period ended December 31, 2010 or the results of its operations for the periods then ended.

However, in our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position-regulatory basis of the various funds and account groups of the Town of Guttenberg, New Jersey as of December 31, 2011 and 2010, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the periods then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2011, on a modified accrual basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 31, 2012 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. Wielkötz, C.P.A.
Registered Municipal Accountant
No. CRO0413



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

July 31, 2012

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Current Fund

Twelve Month Period Ended December 31, 2011
and for the Six Month Period Ended December 31, 2010

<u>Assets</u>	<u>Ref.</u>	Dec. 31, <u>2011</u>	Dec. 31, <u>2010</u>
Current Fund:			
Cash	A-4	\$ 4,656,090	4,675,897
Due from State of New Jersey:			
Senior citizens' and veterans' deductions	A-8	<u>20,019</u>	<u>19,235</u>
		<u>4,676,109</u>	<u>4,695,132</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-5	1,430,707	964,569
Tax Title Liens	A-20	4,844	4,451
Revenue accounts receivable	A-6	45,585	53,670
2012 Prepaid Payroll		73,437	
Interfunds Receivable:			
Community Development Trust Fund	A-17	100,371	219,415
Other Trust Fund	A-17		1,288
Escrow Trust Fund	A-17	50	24
Payroll Agency Account	A-17	41,362	2,999
General Capital Fund	A-17		13,342
Due from Federal and State Grant Fund	A-18	<u>433,110</u>	<u>429,687</u>
		<u>2,129,466</u>	<u>1,689,445</u>
Deferred Charges:			
Special Emergency Authorizations	A-7	<u>176,000</u>	<u>220,000</u>
		<u>6,981,575</u>	<u>6,604,577</u>
State and Federal Grant Fund:			
Cash	A-4	579,150	565,992
Grants receivable	A-21	63,497	365,640
Overexpenditures of Grants	A-22		<u>12,022</u>
		<u>642,647</u>	<u>943,654</u>
		<u>\$ 7,624,222</u>	<u>7,548,231</u>

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Current Fund

Twelve Month Period Ended December 31, 2011
and for the Six Month Period Ended December 31, 2010

	<u>Ref.</u>	<u>Dec. 31,</u> <u>2011</u>	<u>Dec. 31,</u> <u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation reserves	A-3,A-12	\$ 1,147,968	1,085,551
Encumbrances payable	A-13	30,866	94,617
Tax overpayments	A-14	46,629	10,806
Prepaid taxes	A-15	177,058	109,522
Local School District Taxes Payable	A-9		36,397
County Added Taxes Payable	A-11	1,655	12,938
Reserve for Amount Due to the Hudson County			
Treasurer - Court Fines and Costs	A-16	6,764	6,764
Interfunds Payable:			
Other Trust Fund	A-17	66,286	
Unemployment Compensation Trust Fund	A-17	2,794	1,658
General Capital Fund	A-17	3,596	
Reserve for:			
Pension Deferral	A-19	228,137	228,137
Revaluation	A-19	17,130	220,000
Library Contribution	A-19	20,554	20,554
State Library Aid	A-19	4,476	4,476
Tax Appeals	A-19	228,207	278,226
Police Retroactive Pay	A-19	419,959	329,576
Outside Liens	A-19	20,839	25,137
		<u>2,422,918</u>	<u>2,464,359</u>
Reserve for receivables and other assets	A	2,129,466	1,689,445
Fund balance	A-1	<u>2,429,191</u>	<u>2,450,773</u>
		<u>6,981,575</u>	<u>6,604,577</u>
State and Federal Grant Fund:			
Due to Current Fund	A-18	433,110	429,687
Due to General Capital Fund	C	24,280	24,280
Appropriated reserves	A-22	143,837	410,847
Unappropriated reserves	A-23	41,420	78,840
		<u>642,647</u>	<u>943,654</u>
		<u>\$ 7,624,222</u>	<u>7,548,231</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

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

Current Fund

Twelve Month Period Ended December 31, 2011
and for the Six Month Period Ended December 31, 2010

	Dec. 31, <u>2011</u>	Dec. 31, <u>2010</u>
Revenue and other income realized:		
Fund balance utilized	\$ 1,200,000	353,146
Miscellaneous revenue anticipated	2,410,711	1,786,683
Receipts from delinquent taxes	907,380	1,630,523
Receipts from current taxes	24,873,172	11,356,694
Nonbudget revenues	267,900	201,214
Other credits to income:		
Unexpended balance of appropriation reserves	870,290	930,191
Liabilities Canceled		43,356
Grant Cancellations	18,899	
Interfunds Returned	<u>257,692</u>	<u>52,090</u>
Total revenue	<u>30,806,044</u>	<u>16,353,897</u>
Expenditures:		
Budget and emergency appropriations:		
Operations:		
Salaries and wages	4,364,030	2,271,278
Other expenses	8,144,774	4,878,469
Deferred charges and statutory expenditures	903,870	344,026
Capital improvements	1,000,000	100,000
Municipal debt service	834,063	100,834
County taxes	4,181,969	2,454,354
Due county for added taxes	1,655	12,938
Local district school taxes	9,887,132	4,801,502
Interfunds Advanced	72,526	13,342
2012 Prepaid Payroll Advanced	73,437	
Refunds	<u>164,170</u>	<u>2,533</u>
Total expenditures	<u>29,627,626</u>	<u>14,979,276</u>
Excess in Revenue	1,178,418	1,374,621

TOWN OF GUTTENBERG

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

Current Fund

Twelve Month Period Ended December 31, 2011
and for the Six Month Period Ended December 31, 2010

	Dec. 31, <u>2011</u>	Dec. 31, <u>2010</u>
Adjustments to income before fund balance- expenditures which are by statute deferred charges to budget of succeeding year	<u> </u>	<u>220,000</u>
Statutory excess to fund balance	1,178,418	1,594,621
Fund balance - January 1,	2,450,773	1,209,298
Decreased by utilization as anticipated revenue	<u>1,200,000</u>	<u>353,146</u>
Fund balance	<u>\$ 2,429,191</u>	<u>\$ 2,450,773</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG
Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus anticipated	\$ 1,200,000	1,200,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	20,800	35,314	14,514
Other	45,700	186,680	140,980
Fees and permits:			
Construction	68,262	110,581	42,319
Other	75,000	119,335	44,335
Fines and costs municipal court	681,000	650,874	(30,126)
Parking meters	104,000	101,549	(2,451)
Interest and costs on taxes	150,000	202,447	52,447
Interest on investments and deposits	500	12,958	12,458
Consolidated Municipal Property Tax Relief Aid	255,227	255,227	
Energy Receipts Tax	503,548	515,283	11,735
Public and Private Programs Offset by Revenues:			
State Recycling Grant	19,815	19,815	
Municipal Alliance	12,491	12,491	
Drunk Driving Enforcement Fund	3,033	3,033	
Summer Food Program	44,980	44,980	
Drunk Driving Enforcement Fund	3,033	3,033	
Obey the Signs	2,704	2,704	
DMV Fines	700	700	
Over the Limit Under Arrest	3,784	3,784	
UEZ Administration - 2011	4,500	4,500	
UEZ Administration - 2010	4,904	4,904	
UEZ Administration - 2009	5,515	5,515	
Clean Communities	13,159	13,159	
Community Forestry Grant	3,000	3,000	
Combating Underage Drinking	4,000	4,000	
Body Armor Grant	3,272	3,272	
Alcohol Education and Rehabilitation	1,961	1,961	
Uniform Fire Safety Act	7,500		(7,500)
PILOT Housing Authority	49,600	55,703	6,103
Cablevision	24,000	33,909	9,909
	<u>2,115,988</u>	<u>2,410,711</u>	<u>294,723</u>
Total miscellaneous revenues			

TOWN OF GUTTENBERG
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2011

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Receipts from delinquent taxes	<u>947,000</u>	<u>907,380</u>	<u>(39,620)</u>
Amount to be raised by taxes for support of municipal budget	<u>12,226,065</u>	<u>12,043,273</u>	<u>(182,792)</u>
Budget total	<u>\$ 16,489,053</u>	<u>16,561,364</u>	<u>72,311</u>
Nonbudget revenue		<u>267,900</u>	
		<u>\$ 16,829,264</u>	

Analysis of Realized Revenue

Allocation of current tax collections; Revenue from collections		\$ <u>24,873,172</u>	
Allocated to:			
Local district school tax		9,887,132	
County taxes		<u>4,183,624</u>	
		<u>14,070,756</u>	
Balance for support of municipal budget appropriations		10,802,416	
Reserve for uncollected taxes		<u>1,240,857</u>	
		<u>\$ 12,043,273</u>	
Receipts from:			
Delinquent tax collections		<u>\$ 907,380</u>	

TOWN OF GUTTENBERG
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2011

Analysis of Miscellaneous Revenue Not Anticipated

Insurance Reimbursements	\$	31,868
FEMA		36,902
Other Trust Fund Reserve Cancellations		89,343
JIF Reimbursement		25,180
Other		84,607
	\$	267,900

See accompanying notes to financial statements.

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TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2011

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Operations-within "CAPS"					
Administrative and executive:					
Salaries and wages	\$ 188,500	195,500	195,440	60	
Other expenses	150,000	157,000	155,579	1,421	
Elections:					
Salaries and wages	1,680	1,680	500	1,180	
Other expenses	9,500	9,500	7,826	1,674	
Financial administration:					
Salaries and wages	115,000	115,000	110,963	4,037	
Other expenses	125,000	125,000	96,582	28,418	
Assessment of taxes:					
Salaries and wages	41,820	45,420	45,368	52	
Other expenses	14,500	14,500	12,527	1,973	
Municipal Court:					
Salaries and wages	120,000	120,000	111,834	8,166	
Other Expenses	21,000	21,000	12,220	8,780	
Collection of taxes:					
Salaries and wages	104,000	104,000	81,891	22,109	
Other expenses	13,260	13,260	7,622	5,638	
Legal services and costs:					
Salaries and wages	84,500	84,500	73,288	11,212	
Other expenses	75,000	95,000	87,143	7,857	
Public building and grounds:					
Other expenses	220,000	220,000	174,326	45,674	
Engineering:					
Other expenses	50,000	55,000	52,666	2,334	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2011

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and wages	12,780	12,780	12,105	675	
Other expenses	5,100	5,100	1,077	4,023	
Community Action Program:					
Other expenses	3,000	10,000	10,000		
Insurance:					
Insurance-Other	367,940	367,940	366,472	1,468	
Group Insurance for Employees	2,034,116	2,034,116	1,911,580	122,536	
Unemployment Insurance	18,360	18,360	18,360		
PUBLIC SAFETY:					
Police:					
Salaries and wages	2,700,000	2,587,000	2,351,796	235,204	
Other expenses	122,400	107,400	103,687	3,713	
Emergency management services:					
Other expenses	510	510	422	88	
Weehawken Volunteer Ambulance:					
Other expenses	40,000	40,000	27,410	12,590	
Fire Official/Inspector:					
Salaries and wages	73,000	74,100	74,055	45	
Other expenses	3,000	3,000	2,471	529	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2011

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Public Works:					
Street Cleaning:					
Salaries and wages	504,000	504,000	389,353	114,647	
Other expenses	120,000	120,000	119,448	552	
Recycling:					
Other expenses	100,000	100,000	91,292	8,708	
Solid Waste & Garbage Removal:					
Other expenses	760,000	721,300	640,374	80,926	
Snow Removal:					
Other expenses	45,000	48,800	48,799	1	
Health and Welfare:					
Public Health Services:					
Other expenses	14,000	18,000	17,979	21	
Recreation and Education:					
Recreation:					
Salaries and wages	125,000	135,000	134,984	16	
Other expenses	70,000	70,000	48,838	21,162	
Celebration of public event, anniversary or holiday - other expenses	50,000	57,700	57,513	187	
Senior Citizens Nutrition Program:					
Salaries and wages	13,500	13,500	11,931	1,569	
Other expenses	35,700	35,700	29,777	5,923	
Senior Citizens Transportation:					
Salaries and wages	58,000	60,700	60,691	9	
Other expenses	14,280	14,280	13,542	738	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2011

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Senior Recreation Program:					
Other expenses	10,000	10,000	5,160	4,840	
Urban Enterprise Zone:					
Salaries and wages	30,000	30,000	28,835	1,165	
Other expenses	2,040	2,040	611	1,429	
Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Uniform construction code official:					
Salaries and wages	122,000	122,000	119,559	2,441	
Other expenses	8,568	8,568	6,823	1,745	
License inspector:					
Salaries and wages	19,250	19,250	18,898	352	
Other expenses	2,000	2,000	1,377	623	
UNCLASSIFIED:					
Utilities:					
Electricity	75,000	79,200	79,192	8	
Street lighting	120,000	110,000	98,646	11,354	
Telephone	80,000	65,000	57,428	7,572	
Water	16,000	16,000	8,827	7,173	
Fire hydrant service	48,000	48,000	35,147	12,853	
Sewerage	15,000	15,000	10,238	4,762	
Gasoline	53,000	73,000	71,485	1,515	
Postage - all departments	40,800	40,800	28,775	12,025	
Technology	15,000	15,000	13,632	1,368	
Accumulated Absences	1,000	114,000			

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2011

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Salary & Wage Adjustment	50,000	25,600		25,600	
Total Operations within "CAPS"	9,331,104	9,331,104	8,468,364	862,740	
Contingent	6,125	6,125		6,125	
Total Operations Including Contingent-within "CAPS"	9,337,229	9,337,229	8,468,364	868,865	
Detail:					
Salaries & Wages	4,364,030	4,364,030	3,935,491	428,539	
Other Expenses (Including Contingent)	4,973,199	4,973,199	4,532,873	440,326	
	9,337,229	9,337,229	8,468,364	868,865	
Deferred Charges and Statutory Expenditures-Municipal within "CAPS"					
DEFERRED CHARGES	12,022	12,022	12,022		
Expenditures without Appropriations					
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	200,000	200,000	174,575	25,425	
Public Employees Retirement system	129,461	129,461	129,461		
Police and Firemans Retirement System of N.J.	508,501	508,501	508,501		
Consolidated Police and Firemen's Pension Fund	9,886	9,886	9,875	11	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	859,870	859,870	834,434	25,436	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2011

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Total General Appropriations for Municipal Purposes within "CAPS"	10,197,099	10,197,099	9,302,798	894,301	
Operations-Excluded from "CAPS"					
Matching Funds for Grants	10,000	10,000	10,000		
911-Other Expenses	26,520	26,520		26,520	
Stormwater Management	41,600	41,600	9,450	32,150	
Health Insurance CAP Exception	115,881	115,881	86,599	29,282	
Library Service-North Bergen:					
Other expenses	172,000	172,000	154,670	17,330	
North Hudson Regional Communication:					
Other expenses	81,600	81,600	75,000	6,600	
North Hudson Regional Fire & Rescue:					
Other expenses	2,590,000	2,590,000	2,448,215	141,785	
Public and Private Programs Offset by Revenues					
State Recycling Grant	19,815	19,815	19,815		
Municipal Alliance	12,491	12,491	12,491		
Match	3,123	3,123	3,123		
Drunk Driving Enforcement Fund	3,033	3,033	3,033		
Summer Food	44,980	44,980	44,980		
Drunk Driving Enforcement Fund	3,033	3,033	3,033		
Obey the Signs	2,704	2,704	2,704		
DMV Fines	700	700	700		
Over the Limit Under Arrest	3,784	3,784	3,784		
UEZ Administration - 2011	4,500	4,500	4,500		
UEZ Administration - 2010	4,904	4,904	4,904		
UEZ Administration - 2009	5,515	5,515	5,515		

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2011

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Clean Communities	13,159	13,159	13,159		
Community Forestry Grant	3,000	3,000	3,000		
Combating Underage Drinking	4,000	4,000	4,000		
Body Armor Grant	3,272	3,272	3,272		
Alcohol Education Rehabilitation	1,961	1,961	1,961		
Total Operations-Excluded from "CAPS"	3,171,575	3,171,575	2,917,908	253,667	
Detail:					
Salaries and Wages	3,171,575	3,171,575	2,917,908	253,667	
Other Expenses	3,171,575	3,171,575	2,917,908	253,667	
Capital Improvements - Excluded from CAPS	1,000,000	1,000,000	1,000,000		
Capital Improvement Fund	1,000,000	1,000,000	1,000,000		
Total Capital Improvements - Excluded from CAPS	1,000,000	1,000,000	1,000,000		
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	440,000	440,000	440,000		
Payment of Bond Anticipation and Capital Notes	171,500	171,500	171,500		1,458
Interest on Bonds	155,745	155,745	154,287		
Interest on Notes	32,430	32,430	32,430		
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	35,847	35,847	35,846		1
Total Municipal Debt Service-Excluded from "CAPS"	835,522	835,522	834,063		1,459

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2011

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Deferred Charges- Municipal Excluded from "CAPS"					
Special Emergency Authorizations - 5 years (N.J.S. 40A:4-5)	44,000	44,000	44,000		
Total Deferred Charges-Municipal-Excluded from "CAPS"	44,000	44,000	44,000		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	5,051,097	5,051,097	4,795,971	253,667	1,459
Subtotal General Appropriations	15,248,196	15,248,196	14,098,769	1,147,968	1,459
Reserve for Uncollected Taxes	1,240,857	1,240,857	1,240,857		
Total General Appropriations	\$ 16,489,053	16,489,053	15,339,626	1,147,968	1,459
Adopted Budget	16,460,068				
Added by N.J.S.A. 40A:4-87	28,985				
	\$ 16,489,053				
Analysis of Paid or Charged					
Deferred Charges			56,022		
Reserve for Uncollected Taxes			1,240,857		
Due to Federal and State Grant Fund			133,974		
Reserve for Encumbrances			30,866		
Cash			13,877,907		
			\$ 15,339,626		

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Trust Funds

Twelve Month Period Year Ended December 31, 2011
and for the Six Month Period Ended December 31, 2010

<u>Assets</u>	<u>Ref.</u>	<u>Dec. 31,</u> <u>2011</u>	<u>Dec. 31,</u> <u>2010</u>
Animal License Fund:			
Cash	B-1	\$	2,973
Reserve for Animal License Expenditures	B-2	3,115	_____
		3,115	_____
Unemployment Compensation Trust Fund:			
Cash	B-1	30,945	22,901
Interfund Receivables:			
Current Fund	B-7	2,794	1,658
		33,739	24,559
Community Development Block Grant Trust Fund:			
Cash	B-1	11,211	71,502
Grants receivable	B-4	339,178	443,454
		350,389	514,956
Other Trust Funds:			
Cash	B-1	476,294	475,217
Interfund Receivables:			
Due from Current Fund	B-7	66,286	_____
		542,580	475,217
		\$ 929,823	1,017,705

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Trust Funds

Twelve Month Period Year Ended December 31, 2011
and for the Six Month Period Ended December 31, 2010

<u>Liabilities and Reserves</u>	<u>Ref.</u>	<u>Dec. 31,</u> <u>2011</u>	<u>Dec. 31,</u> <u>2010</u>
Animal License Fund:			
Cash	B-1	2,061	
Reserve for Animal License Expenditures	B-2		1,889
Due to State of New Jersey	B-3	1,054	1,084
		<u>3,115</u>	<u>2,973</u>
Unemployment Compensation Trust Fund:			
Reserve for Expenditures	B-10	33,739	24,559
Community Development Block Grant Trust Fund:			
Reserve for Grant Expenditures	B-5	250,018	250,018
Due to General Capital Fund	B-7		45,523
Due to Current Fund	B-7	100,371	219,415
		<u>350,389</u>	<u>514,956</u>
Other Trust Funds:			
Due to State-Marriage Licenses	B-6	425	475
Due to State-Construction Fees	B-6	254	254
Interfunds Payable:			
Due to Current Fund - Escrow Trust	B-7	50	24
Due to Current Fund - Other Trust	B-7		1,288
Reserve for:			
Other Trust Deposits	B-8	541,851	473,176
		<u>542,580</u>	<u>475,217</u>
		<u>\$ 929,823</u>	<u>1,017,705</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

Twelve Month Period Ended December 31, 2011
and for the Six Month Period Ended December 31, 2010

<u>Assets</u>	<u>Ref.</u>	Dec. 31, <u>2011</u>	Dec. 31, <u>2010</u>
Cash:			
Checking	C-2,C-3	\$ 1,579,539	1,121,961
Expenditure without Appropriation		132,905	
Grants Receivable			
State of New Jersey - Dept. of Transportation	C-7	85,000	88,108
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	3,030,744	3,499,976
Unfunded	C-5	2,048,330	2,192,000
Due from Federal and State Grant Fund	A	24,280	24,280
Due from Community Development Trust Fund	C-6		45,523
Due from Current Fund	C-11	3,596	
		<u>\$ 7,059,394</u>	<u>7,126,848</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-9	2,722,000	3,162,000
Green Acres Loans Payable	C-14	308,744	337,976
Bond Anticipation notes	C-15	1,990,500	2,162,000
Capital Improvement Fund	C-10	1,390,684	412,284
Due to Current Fund	C-11		13,342
Reserve for Payment of Notes, Ord. 15-2008	C-12	104,428	
Improvement authorizations:			
Funded	C-13		179,158
Unfunded	C-13	497,504	816,691
Fund Balance	C-1	45,534	43,397
		<u>\$ 7,059,394</u>	<u>7,126,848</u>

There were bonds and notes authorized but not issued at December 31, 2011 and December 31, 2010 of \$440,400 and \$30,000 respectively. See exhibit C-16.

See accompanying notes to financial statements.

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TOWN OF GUTTENBERG

Schedule of Fund Balance

General Capital Fund

**Twelve Month Period Ended December 31, 2011
and for the Six Month Period Ended December 31, 2010**

Balance - December 31, 2011	\$	43,397
Increased by :		
Premium received from Sale of Bond Anticipation Notes		<u>2,137</u>
Balance - December 31, 2011	\$	<u><u>45,534</u></u>

See Accompanying Notes to Financial Statements

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TOWN OF GUTTENBERG

Comparative Balance Sheets-Regulatory Basis

Payroll Account

Twelve Month Period Ended December 31, 2011
and for the Six Month Period Ended December 31, 2010

	Dec. 31, <u>2011</u>	Dec. 31, <u>2010</u>
<u>Assets</u>		
Cash	\$ <u>117,798</u>	<u>118,184</u>
	\$ <u><u>117,798</u></u>	<u><u>118,184</u></u>
<u>Liabilities</u>		
Due to Current Fund	\$ 41,362	2,999
Due to Current Fund	28,681	
Withholdings Payable	<u>47,755</u>	<u>115,185</u>
	\$ <u><u>117,798</u></u>	<u><u>118,184</u></u>

See accompanying notes to the financial statements.

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TOWN OF GUTTENBERG

Statement of General Fixed Assets-Regulatory Basis

General Fixed Assets Account Group

Twelve Month Period Ended December 31, 2011
and for the Six Month Period Ended December 31, 2010

	Dec. 31, <u>2011</u>	Dec. 31, <u>2010</u>
Land	\$ 1,357,400	1,060,646
Buildings	3,378,500	2,088,185
Vehicles and equipment	<u>1,692,377</u>	<u>1,269,027</u>
	<u>\$ 6,428,277</u>	<u>4,417,858</u>

See accompanying notes to financial statements.

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**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010**

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
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(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
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)

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

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

Basis of Accounting, (continued)

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
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)

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

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

Basis of Accounting, (continued)

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 2011, the Mayor and Council approved additional revenues and appropriations of \$28,985 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 December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)

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

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

Basis of Accounting, (continued)

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
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)

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

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

Basis of Accounting, (continued)

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
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)

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

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

Basis of Accounting, (continued)

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
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

Description of Systems: (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 certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. 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 1/55th 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. 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.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

Description of Systems: (continued)

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

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

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

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 compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. 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.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)

NOTE 2. PENSION PLANS, (continued)

Description of Systems: (continued)

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

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.

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 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds 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.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

Contribution Requirements, (continued)

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

<u>Period Ended</u>	<u>PERS</u>	<u>PFRS</u>
Year Ended December 31, 2011	\$129,461	\$508,501
Six Month Period Ended December 31, 2010	-0-	\$10,486
Year Ended June 30, 2010	93,588	212,681

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 \$1,500.00 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 \$5,000.00 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 retain in the PERS.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

NOTE 3. LONG-TERM DEBT

Long-term debt as of December 31, 2011 consisted of the following:

	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2011</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$3,162,000	\$	\$440,000	\$2,722,000	\$470,000
Total Bonds Payable	<u>3,162,000</u>	<u> </u>	<u>440,000</u>	<u>2,722,000</u>	<u>470,000</u>
Other Liabilities:					
Deferred PERS/PFRS Pension Contribution	238,623			238,623	10,349
Green Acres Loan Obligation Debt	<u>337,976</u>		<u>29,232</u>	<u>308,744</u>	<u>29,820</u>
Total Other Liabilities	<u>576,599</u>		<u>29,232</u>	<u>547,367</u>	<u>40,169</u>
	<u>\$3,738,599</u>	<u>\$</u>	<u>\$469,232</u>	<u>\$3,269,367</u>	<u>\$510,169</u>

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 3. LONG-TERM DEBT, (continued)

Summary of Municipal Debt (Excluding Current Operating Debt)

	December 31, <u>2011</u>	December 31, <u>2010</u>	June 30, <u>2010</u>
Issued-general-bonds, loans and notes	\$5,021,244	\$5,661,976	\$5,676,375
Authorized but not issued-general-bonds and notes	<u>440,400</u>	<u>30,000</u>	<u>50,000</u>
	5,461,644	5,691,976	5,726,375
Less funds on hand to pay debt and other deductions	<u>1,006,998</u>	<u>575,000</u>	<u>575,000</u>
Net bonds and notes issued and authorized but not issued	<u>\$4,454,646</u>	<u>\$5,116,976</u>	<u>\$5,151,375</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 .44%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General debt	\$5,461,644	\$1,006,998	\$4,454,646
School debt	<u>919,000</u>	<u>919,000</u>	<u>-0-</u>
	<u>\$6,380,644</u>	<u>\$1,925,998</u>	<u>\$4,454,646</u>

Net debt of \$4,454,646 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$1,023,411,129 equals .44%.

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

3 ½% of equalized valuation basis (municipal)	\$35,819,389
Net Debt	<u>4,454,646</u>
Remaining borrowing power	<u>\$31,364,743</u>

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 3. LONG-TERM DEBT, (continued)

The Town's long-term debt consisted of the following at December 31, 2011:

Paid by Current Fund:

\$2,230,000 General obligation bonds - 3.60%-4.00% general obligation bonds issued February 1, 2003, due through February 1, 2016	\$1,230,000
\$3,437,000 General serial bonds - 6.85% general serial bonds issued April 1, 1991, due through April 1, 2016	972,000
\$755,000 Pension Refunding Bonds - Term Bond - 5.83% issued April 1, 1991, sinking fund redemptions due through April 1, 2017	<u>520,000</u>
	<u>\$2,722,000</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>
2012	\$602,009	\$470,000	\$132,009
2013	611,512	505,000	106,512
2014	599,473	520,000	79,473
2015	586,480	535,000	51,480
2016	598,967	577,000	21,967
2017	<u>118,352</u>	<u>115,000</u>	<u>3,352</u>
	<u>\$3,116,793</u>	<u>\$2,722,000</u>	<u>\$394,793</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
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 3. LONG-TERM DEBT, (continued)

At December 31, 2011, the Town had authorized but not issued debt as follows:

General Capital Fund	<u>\$440,400</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>
2012	\$35,847	\$29,820	\$6,027
2013	35,846	30,419	5,427
2014	35,846	31,030	4,816
2015	35,846	31,654	4,192
2016	35,847	32,291	3,556
2017-2021	<u>161,308</u>	<u>153,530</u>	<u>7,778</u>
	<u>\$340,540</u>	<u>\$308,744</u>	<u>\$31,796</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
 YEAR ENDED DECEMBER 31, 2011 AND
 SIX MONTH PERIOD ENDED DECEMBER 31, 2010
 (CONTINUED)**

NOTE 5. BOND ANTICIPATION NOTES, (continued)

On December 31, 2011, the Town had \$1,990,500 outstanding General Capital Fund bond anticipation notes due on March 22, 2012 at an interest rate of 2.00%. The notes were renewed for another one year period upon maturity.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Oppenheimer & Co., Inc.	<u>\$2,162,000</u>	<u>\$1,990,500</u>	<u>\$2,162,000</u>	<u>\$1,990,500</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 Dec. 31, 2011</u>	<u>2012 Budget Appropriation</u>	<u>Balance succeeding year's budget</u>
<u>Current Fund:</u>			
Special Emergency Authorization			
Revaluation of Real Property	\$176,000	\$44,000	\$132,000
<u>Animal License Trust Fund:</u>			
Deficit in Reserve	3,115	3,138	-0-
<u>General Capital Fund:</u>			
Expenditures Without Appropriation	<u>132,905</u>	<u>132,905</u>	<u>-0-</u>
	<u>\$312,020</u>	<u>\$180,043</u>	<u>\$132,000</u>

NOTE 7. FUND BALANCE APPROPRIATED

There was \$1,250,000 of fund balance appropriated as anticipated revenue in the 2012 Current Fund budget.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 8. ACCRUED SICK AND VACATION BENEFITS

The Town has permitted employees to accrue unused sick and vacation pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$114,650 as of December 31, 2011. This amount is not reported either as an expenditure or liability.

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 December 31, 2011, \$-0- of the Town's bank balance of \$7,963,633 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
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 10. FIXED ASSETS

The following is a summary of charges in the general fixed assets account group as of December 31, 2011.

	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2011</u>
Land	\$1,060,646	\$296,754		\$1,357,400
Building	2,088,185	1,290,315		3,378,500
Equipment	<u>1,269,027</u>	<u>\$423,350</u>	\$ _____	<u>1,692,377</u>
	<u>\$4,417,858</u>	<u>\$2,010,419</u>	<u>\$ _____</u>	<u>\$6,428,277</u>

A physical inventory of the Town's fixed assets was made as of September 30, 2011.

NOTE 11. DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2011 consist of the following:

\$2,794	Due to the Unemployment Compensation Trust Fund from the Current Fund for employee deductions deposited in error.
3,596	Due to the General Capital Fund from the Current Fund to reimburse bank service charges incurred less interest earnings.
41,362	Due to the Current Fund from the Net Payroll Account for deposits in excess of that required to cover net payroll checks.
100,371	Due to the Current Fund from the Community Development Trust Fund to reimburse expenditures paid and current year interest earnings.
66,286	Due to the Other Trust Fund from the Current Fund for payroll transfers made in error less deposit errors.
433,110	Due to the Current Fund from the Federal and State Grant Fund for grant revenue collected less expenditures made and grant balance cancellations.
<u>50</u>	Due to the Current Fund from the Escrow Trust Fund for accumulated interest earnings due to the Town.
<u>\$647,569</u>	

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

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 12. OTHER POST RETIREMENT BENEFITS

In addition to the pension benefits described in Note 2, 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.

Pursuant to GASB Statement No. 45 ("GASB 45"), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Town obtained an actuarially determined calculation for this obligation.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 12. OTHER POST RETIREMENT BENEFITS, (continued)

The Town's annual other postemployment benefits ("OPEB") costs for the Plan, which is currently funded on a pay-as-you-go basis and is a non-contributory plan with all plan payments for plan benefits being funded by the Town, is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and interest on the net OPEB obligation and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Town's annual OPEB cost for the year ended December 31, 2011, and the related information for the plan, are as follows:

January 1, 2011 - Net OPEB Obligation (Initial) (NOO)	\$15,667,858
Annual Required Costs (ARC)	1,321,491
Contribution from employer and other contributing entities	<u>(412,264)</u>
December 31, 2011 - Net OPEB Obligation (NOO)	<u>\$16,577,085</u>

The Town's's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u> (Dollars in Thousands)	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$1,321,491	31.20%	\$16,577,085

<u>Valuation Date</u>	<u>Actuarial Value of Assets OPEB Cost</u>	<u>Actuarial accrued Liability - Projected Unit Credit</u> (Dollars in Thousands)	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll*</u>	<u>Unfunded Actuarial Liability as a Percentage of Covered Payroll*</u>
12/31/10	\$-0-	\$15,668.0	\$15,668.0	0 %	N/A	N/A

*Required disclosure at adoption of standard payroll is not provided.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 12. OTHER POST RETIREMENT BENEFITS, (continued)

The **Present Value of all Projected Benefits** is the total present value of all expected future benefits, based on certain actuarial assumptions. The Present Value of all projected benefits is a measure of total liability or obligation. Essentially, the Present Value of all projected benefits is the value (on the valuation date) of the benefits promised to current and future retirees. The Plan's present value of all projected benefits (at December 31, 2010) is \$20,539,012 assuming no prefunding of obligations. The majority of this liability is for current active employees (future retirees).

The **Actuarial Accrued Liability** is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The Plan's Actuarial Accrued Liability (at December 31, 2010) is \$15,667,858 assuming no prefunding of obligations. The majority of this obligation is for current active employees.

Normal Cost is the value of benefits expected to be earned during the current year, again based on certain actuarial methods and assumptions. The 2011 Fiscal Year Normal Cost is \$415,417 assuming no prefunding of obligations. In pension accounting, this is also known as "service cost."

Future Normal Costs represent the present value of the remaining balance of all projected benefits to be earned in future years.

Assumptions

The results were calculated based upon plan provisions, as provided by the Town of Guttenberg and the State of New Jersey, along with certain demographic and economic assumptions as recommended by Aon, in conjunction with the Town of Guttenberg with guidance from the GASB statement.

Demographic Assumptions

Data was provided by the Town of Guttenberg as of December 31, 2011. Demographic assumptions used to project the data are the same as those used to value the SHBP PERS pension liabilities. There is no assumption for future new hires.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 12. OTHER POST RETIREMENT BENEFITS, (continued)

Economic Assumptions

The GASB statement requires that the discount rate used to determine the retiree healthcare liabilities should be estimated long-term yield on the “investments that are expected to be used to finance the payments of benefits”. Since the Town of Guttenberg does not currently pre-fund the retiree healthcare liabilities, the discount rate for the “no prefunding” scenario should be based on the portfolio of the Town of Guttenberg’s “general assets” used to pay these benefits. The discount rate assumption selected by the Town is 4.00%.

The trend assumption is used to project the growth of the expected claims over the lifetime of the healthcare recipients. The GASB statement does not require a particular source for information to determine healthcare trends, but it does recommend selecting a source that is “publicly available, objective and unbiased”.

The trend assumption utilizing the short-term rates expected on the SHBP plan along with information in published papers from other industry experts (actuaries, health economists, etc.). For medical benefits, this amount initially is at 8% and decreases to a 5.0% long-term trend rate for all medical benefits in 2018.

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 \$114,650 as of December 31, 2011. This amount is not reported either as an expenditure or liability.

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.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 13. CONTINGENT LIABILITIES, (continued)

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.

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.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

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

Required Contributions by the Town

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

The Town was required to contribute \$1,500,000 annually to the NHRFR. This annual contribution is subject to an increase based on the percentage of increase of the total fire and rescue related appropriations over the base year (SFY 1998) of the Other Municipalities. The Agreement also contains provisions for cost and budget balance allocations, and a growth value adjustment to be made in calendar year 2001, but these provisions do not pertain to the Town. As of December 31, 2011, the town budgeted \$172,000 and contributed \$154,670.

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 periods:

	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
Prepaid Taxes	<u>\$177,058</u>	<u>\$109,522</u>
Cash Liability for Taxes Collected in Advance	<u>\$177,058</u>	<u>\$109,522</u>

NOTE 17. RISK MANAGEMENT

The Town of Guttenberg is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has obtained insurance coverage to guard against these events which will provide minimum exposure to the Town should they occur. During the year ended December 31, 2011, the Town did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)**

NOTE 17. RISK MANAGEMENT, (continued)

The Town of Guttenberg is a member of the New Jersey Intergovernmental Insurance Fund (the "NJIF"). The NJIF 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 NJIF and should it be determined that payments received by the NJIF are deficient, additional assessments may be levied.

The NJIF 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 NJIF 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.

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SUPPLEMENTARY DATA

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TOWN OF GUTTENBERG

Supplementary Data

Officials 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>Type of Bond</u>
Gerald Frasheff	Mayor		
Alfonso Caso	Councilman		
Donna Florio	Councilwoman		
Monica Fundora	Councilwoman		
John D. Habermann	Councilman		
Efrain Velez	Councilman		
Charles P. Daglian	Town Attorney		
Michael Caligliaro	Town Administrator		
Vincent Buono	Chief Finance Officer	\$ 1,000,000	(A)
Nicholas Goldsack	Tax Collector/Treasurer	1,000,000	(A)
Alberto Cabrera	Town Clerk	1,000,000	(A)
James Terhune	Tax Assessor		
Gerard Pontrelli	Tax Assessor - from 8/22/2011		
Ann Setliff	Deputy Tax Collector	1,000,000	(A)
Frank Leanza	Magistrate	1,000,000	(A)
Alida Buczynski	Court Administrator	1,000,000	(A)
Ashley Mazure	Violations Clerk	1,000,000	(A)
Phyllis Gould	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>Year Ended</u> <u>December 31,</u> <u>2011</u>	<u>Six Month</u> <u>Period Ended</u> <u>December 31,</u> <u>2010</u>	<u>Year Ended</u> <u>June 30,</u> <u>2010</u>
Tax rate	3.279 *	6.152	5.800
Apportionment of tax rate:			
Local school	1.233	2.307	2.142
County	0.522	1.142	1.088
Municipal	1.524	2.703	2.570

* - Revaluation

Assessed valuation:

Year ended Dec. 31, 2011	\$ 802,095,918
Six Month Period Ended Dec. 31, 2010	401,914,600
Year ended June 30, 2010	402,049,490

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</u> <u>Collections</u>	<u>Percentage</u> <u>of</u> <u>Collections</u>
Year ended Dec. 31, 2011	\$ 26,318,722	24,873,172	94.51%
Six Month Period Ended Dec. 31, 2010	12,647,428	11,356,694	89.79%
Year ended June 30, 2010	24,330,200	22,613,926	92.95%

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>	Amount of tax title <u>liens</u>	Amount of delinquent <u>taxes</u>	Total <u>delinquent</u>	Percentage of <u>tax levy</u>
Year ended Dec. 31, 2011	4,844	1,430,707	1,435,551	5.45%
Six Month Period Ended Dec. 31, 2010	4,451	964,569	969,020	7.66%
Year ended June 30, 2010	3,849	1,664,009	1,667,858	6.86%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2011 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
Year ended Dec. 31, 2011	\$ None
Six Month Period Ended Dec. 31, 2010	None
Year ended June 30, 2010	None

Comparative Schedule of Fund Balances

	<u>Year</u>	Year ended	Utilized in budget of <u>succeeding year</u>
Current Fund:	Dec. 31, 2011	\$ 2,429,191	1,250,000
	Dec. 31, 2010	2,450,773	1,200,000
	June 30, 2010	1,209,298	353,146
	June 30, 2009	1,324,736	820,000
	June 30, 2008	1,510,312	963,919

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TOWN OF GUTTENBERG

Schedule of Expenditures of Federal Awards

Year ended December 31, 2011 and 2010

Federal grantor	Program	CFDA number	Grant period	Award Amount	Balance at Dec. 31, 2010	Cash Received	Expenditures	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2011	(MEMO) Cumulative Expenditures
<u>Current Fund:</u> Department of Agriculture	Summer Food Program	10.559	2011	20,510 \$		14,739	14,450	289	14,450
	Summer Food Program	10.559	2010-2011	15,231	15,321			15,321	*
	Summer Food Program	10.559	2009-10	15,209	15,209		3,561	11,648	3,561
					30,530	14,739	18,011	27,258	*
U.S. Department of Homeland Security	Disaster Grants - Public Assistance (Presidentially Declared Disasters)								*
	1954 - Public Assistance - Severe Weather	97.036	2011	26,142		26,142	26,142		26,142
	4021 - Public Assistance - Hurricane	97.036	2011	10,760		10,760	10,760		10,760
						36,902	36,902		*
	<i>Total Current Fund</i>				30,530	51,641	54,913	27,258	*
<u>Community Development Block Grant Trust Fund:</u> Department of Housing and Urban Development (passed through County of Hudson):	Community Development Block Grant:								*
	3-03K1-11 Polk Street & 68th St. Upgrades	14.219	2011-12	100,000			100,000	(100,000)	100,000
	3-03E1-10 Community Center	14.219	2010-11	100,000					*
	3-03E1-09 Community Center	14.219	2009-10	139,178					*
	3-03F1-06 Boulevard East Streetscape	14.219	2006-07	204,276	(204,276)	204,276			204,276
	<i>Total Trust Funds</i>				(204,276)	204,276	100,000	(100,000)	*
<u>General Capital Fund:</u> Highway Planning and Construction (passed through State Department of Transportation)	Municipal Aid - 68th Street, Section 3	20.205	2011-12	100,000			32,905	(32,905)	32,905
	Municipal Aid - 71st Street, Sec. 4 - Ord. 03-2010	20.205	2009-10	85,000			85,000	(85,000)	85,000
	<i>Total General Capital Fund</i>						117,905	(117,905)	*
<i>Total Federal Financial Assistance</i>				\$	(173,746)	255,917	272,818	(190,647)	*

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

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TOWN OF GUTTENBERG
 Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2011 and 2010

State grantor	Program	Grant number	Grant period	Award Amount	Balance Dec. 31, 2010	Cash Received	Budgetary Expenditures	Cancelled	Deferred Revenues/ (Accounts Receivable) at Dec. 31, 2010	(MEMO) Cumulative Expenditures	
Federal and State Grant Fund: Department of Commerce & Economic Development	Urban Enterprise Zone Assistance Fund		2011	\$		24,038			24,038		
	Urban Enterprise Zone Assistance Fund - Video Surveillance Wireless Network	11-763-022-2830-948-EEEE-5825	2010	187,268		187,268	187,268				
	Urban Enterprise Zone Assistance Fund - Administration		2011	4,500		2,026	2,026			B	
	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						13	
	Urban Enterprise Zone Assistance Fund - Police Vehicle	020-2830-763-055	2007-08	12,273	(9,167)	9,167				9,167	
	Urban Enterprise Zone Assistance Fund - JFK Boulevard, Cars, Administration	020-2830-763-055	2005-06	71,968	7,341				7,341	50,128	
					8,593	222,499	189,294		41,798		
	Department of Community Affairs	Handicapped Recreation Opportunities	100-022-8050-035	2004-05	1,115	1,115			(1,115)		6,000
		Livable Communities		PY	23,500	(3,100)			3,100		3,100
		Emergency Management	066-1200-100-726	2008-09	5,000	534				534	4,466
		Homeland Security - Police Radios		2007-08	15,000	(15,000)				(15,000)	15,000
Safe Kids Program			2001-02	10,000	(10,000)				(10,000)	10,000	
					(26,451)			1,985		(24,466)	
Department of Environmental Protection		Recycling Tonnage Grant	042-4900-752-001	2011	14,554		14,554			14,554	2,425
		Recycling Tonnage Grant	042-4900-752-001	2009-10	5,280	5,280		2,425		2,855	3,102
		Recycling Tonnage Grant	042-4900-752-001	2008-09	3,102	3,102		3,102			1,378
		Recycling Tonnage Grant	042-4900-752-001	2007-08	1,378	1,378					11,243
	Recycling Tonnage Grant	042-4900-752-001	2006-07	11,243	10,195		10,195			12,628	
	Clean Communities Program	042-4900-765-004	2011	12,628		12,628				61	
	Clean Communities Program	042-4900-765-004	2009-10	13,159	13,159		13,098			13,098	
	Clean Communities Program	042-4900-765-004	2008-09	12,637	12,132		12,132			12,637	
	Clean Communities Program	042-4900-765-004	2005-06	7,530	(640)				(640)	7,530	
					44,606	27,182	42,330		29,458		
Department of Law and Public Safety	Body Armor Grant	066-1020-718-001	2011	2,374		2,374			2,374	2,235	
	Body Armor Grant	066-1020-718-001	2010	2,235	2,235		2,235			1,037	
	Body Armor Grant	066-1020-718-001	2009-10	1,037	1,037		1,037			1,436	
	Body Armor Grant	066-1020-718-001	2008-09	2,142	2,142		2,142			509	
	Highway Safety		2006-07	1,945	509					3,784	
	Over the Limit Under Arrest	066-1160-100-057	2009-10	3,784	3,784					2,704	
	Obey the Signs	066-1160-100-036	2009-10	2,704	2,704					3,286	
	Obey the Signs	066-1160-100-036	2008-09	3,286	3,286					2,608	
	Obey the Signs	066-1160-100-036	2007-08	3,659	3,659					3,124	
	Click it or Ticket	1160-100-066-1160-113	2007-08	3,124	3,124					1,051	

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TOWN OF GUTTENBERG

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2011 and 2010

State grantor	Program	Grant number	Grant period	Award Amount	Balance Dec. 31, 2010	Cash Received	Budgetary Expenditures	Cancelled	Deferred Revenue/Accounts (Receivable) at Dec. 31, 2010	(MEMO) Cumulative Expenditures
Department of Law and Public Safety	DMV Fines		2011	1,100		1,100			1,100	
	DMV Fines		2010	700	700				700	
	DMV Fines		2008-09	879	879				879	
	Combating Underage Drinking	066-1400-100-014	2009-10	4,000	4,000				4,000	
	Drunk Driving Enforcement Fund	1110-448-031020-22	2010	3,033	3,033				3,033	
	Drunk Driving Enforcement Fund	1110-448-031020-22	2008-09	2,703	2,703		1,158		1,545	1,158
	Drunk Driving Enforcement Fund	1110-448-031020-22	2007-08	3,478	3,478		1,546		1,932	1,546
	Drunk Driving Enforcement Fund	1110-448-031020-22	2005-06	18,941	3,159		3,159		58	18,941
	Driving While Intoxicated		2008-09	900						
	Domestic Violence	100-006-1020-246-FY04	2003-04	12,866	12,866			(11,866)	1,000	
					52,305	3,474	11,277	(20,884)	23,618	
County of Hudson (1)	Municipal Alliance Grant Fund	100-082-2000-044	2011	12,491		746	5,353		(4,607)	5,353
			Match	3,123		3,123			3,123	
			2008-09	12,491	(1,985)	1,985				12,491
			2007-08	12,491	(8,155)	8,155	276			12,491
				(10,140)	14,009	5,629	276		(1,484)	
Administrative Offices of the Courts	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2011	971		971			971	
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2009-10	1,960	1,960				1,960	
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2008-09	1,160	341				341	
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2007-08	1,552	1,552				1,552	
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2005-06	884	884				884	
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2004-05	681	681				681	
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2002-03	1,358	587				587	
					6,005	971			6,976	
New Jersey Department of Transportation	Municipal Aid (FY07) Imps. to Palisades Avenue and Adams Street	6320-480-601385-61	2007-08	280,000	15,750				15,750	264,250
	Municipal Aid (FY06) - Imps. to Ferry, Broadway, Hudson	6320-480-601385-61	2006-07	300,000	2,850				2,850	297,150
					18,600				18,600	
	<i>Total State and Federal Grant Fund</i>			93,518	268,135	248,530	(18,623)	94,500		

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TOWN OF GUTTENBERG

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2011 and 2010

State grantor	Program	Grant number	Grant period	Award Amount	Balance Dec. 31, 2010	Cash Received	Budgetary Expenditures	Cancelled	Deferred Revenue/Accounts Receivable at Dec. 31, 2010	(MEMO) Cumulative Expenditures
General Capital Fund: Department of Environmental Protection	Green Acres Program - Waterfront Park Imp. - Ord. 6-2008		2007-08	155,000	93,518	268,133	248,530	(18,623)	94,500	
		<i>Total General Capital Fund</i>								
Other Financial Assistance: Hudson County Open Space Trust Fund	Community Center	Ord. 5-2008/15-2008	2010	100,000	(4,428)	4,428				4,428
		Ord. 5-2008/15-2008	2009	100,000	(100,000)	100,000				100,000
<i>Total Other Financial Assistance</i>										
<i>Total State and Other Financial Assistance</i>										
				\$	(10,910)	372,563	248,530	(18,623)	94,500	

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 \$11,745, appropriated reserve of \$7,138
- B - Accounts receivable of \$2,474, appropriated reserve of \$2,474
- C - Accounts Receivable of \$14,499, appropriated reserve of \$21,840.

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TOWN OF GUTTENBERG

Schedule of Cash - Collector/Treasurer

Current Fund

Year Ended December 31, 2011

	Regular Fund	Federal and State Grant Fund
Balance - December 31, 2010	\$ 4,675,897	565,992
Increased by receipts:		
Revenue accounts receivable	2,279,860	
Miscellaneous revenues not anticipated	267,900	
Taxes receivable	25,644,490	
Senior citizens and veterans deductions	25,755	
Prepaid Taxes	177,058	
Interfunds	393,079	
Tax Overpayments	69,698	
Various Reserves	497,199	
Grants Receivable		238,610
Unappropriated reserves		41,124
	<u>29,355,039</u>	<u>279,734</u>
	<u>34,030,936</u>	<u>845,726</u>
Decreased by disbursements:		
2011 budget appropriations	13,877,907	
2010 appropriation reserves	219,495	
Tax overpayment refunds	33,875	
Local district school tax	9,923,529	
County taxes	4,194,907	
Interfunds	133,140	
Various Reserves	754,386	
Refund of Prior Year Revenue	164,170	
2012 Payroll Advanced	73,437	
Bank Service Charges		35
Appropriated Reserves		266,541
	<u>29,374,846</u>	<u>266,576</u>
Balance, December 31, 2011	<u>\$ 4,656,090</u>	<u>579,150</u>

TOWN OF GUTTENBERG

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2011

Year	Balance, Dec. 31, 2011	2011 Levy	Added 2011 Levy	2010 Collected	2011 Collected	Senior & Veteran's Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2011
FY2009	\$ 5,988							5,988	
FY2010	27,498							27,498	
TY2010	931,083			907,380	907,380			15,729	7,974
	<u>964,569</u>			<u>907,380</u>	<u>907,380</u>			<u>49,215</u>	<u>7,974</u>
2011		26,308,446	10,276	109,522	24,737,110	26,540	393	22,424	1,422,733
	<u>\$ 964,569</u>	<u>26,308,446</u>	<u>10,276</u>	<u>109,522</u>	<u>25,644,490</u>	<u>26,540</u>	<u>393</u>	<u>71,639</u>	<u>1,430,707</u>

Cash Receipts 25,644,490
\$ 25,644,490

Analysis of 2011 Tax Levy

Tax yield:

General property tax
Added tax (R.S. 54:4-63.1 et seq.)

\$ 26,308,446
10,276
\$ 26,318,722

Tax levy:

Local district school tax (abstract)
County tax (abstract)
Added taxes (R.S. 54:4-63.1 et seq.)
Local tax for municipal purpose (abstract)
Additional tax levies/(Deductions)

\$ 9,887,132
4,181,969
1,655
12,226,065
21,901
\$ 26,318,722

TOWN OF GUTTENBERG
Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2011

	Balance, Dec. 31, <u>2010</u>	Accrued in <u>2011</u>	<u>Collected</u>	Balance, Dec. 31, <u>2011</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	35,314	35,314	
Other		186,680	186,680	
Fees and permits		119,335	119,335	
Construction Code Official-fees and permits		110,581	110,581	
Municipal Court fines and costs	53,670	642,789	650,874	45,585
Parking meters		101,549	101,549	
Interest and cost on taxes		202,447	202,447	
Interest on investments		12,958	12,958	
Consolidated Municipal Property Tax Relief		255,227	255,227	
Energy Receipts Tax		515,283	515,283	
PILOT Housing Authority		55,703	55,703	
Cablevision		33,909	33,909	
	<u>\$ 53,670</u>	<u>2,271,775</u>	<u>2,279,860</u>	<u>45,585</u>
		Cash \$	<u>2,279,860</u>	

TOWN OF GUTTENBERG

Schedule of Deferred Charges N.J.S.A. 40A:4-53, Special Emergency Authorizations

Current Fund

Year Ended December 31, 2011

<u>Purpose</u>	<u>Date</u>	<u>Amount</u> <u>Authorized</u>	<u>Not Less Than</u> <u>1/5 of Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2010</u>	<u>Decreased</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2011</u>
Revaluation of Real Property	Aug. 26, 2010	220,000	44,000	<u>220,000</u>	<u>44,000</u>	<u>176,000</u>
				\$ <u>220,000</u>	<u>44,000</u>	<u>176,000</u>

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

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$	19,235
Increased by:		
Senior citizens' and veterans' deductions per tax billings		25,000
Deductions allowed by tax collector		<u>1,539</u>
		<u>26,539</u>
		45,774
Decreased by:		
Cash received		<u>25,755</u>
Balance - December 31, 2011	\$	<u><u>20,019</u></u>

Schedule of Local District School Taxes Payable

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$	36,397
Increased by:		
2011 Levy		<u>9,887,132</u>
		9,923,529
Decreased by:		
Cash Disbursed	\$	<u><u>9,923,529</u></u>

TOWN OF GUTTENBERG
Schedule of County Taxes Payable
Current Fund
Year Ended December 31, 2011

Increased by:		
County Tax Levy	\$	<u>4,181,969</u>
Decreased by:		
Cash Disbursed	\$	<u><u>4,181,969</u></u>

**Schedule of Due County for Added
and Omitted Taxes**
Current Fund
Year Ended December 31, 2011

Balance - December 31, 2010		\$ 12,938
Increased by:		
2011 Added Levy		<u>1,655</u>
		14,593
Decreased by:		
Cash Disbursed		<u>12,938</u>
Balance - December 31, 2011	\$	<u><u>1,655</u></u>

TOWN OF GUTTENBERG

Schedule of 2010 Appropriation Reserves

Current Fund

Year ended December 31, 2011

Description	Balance Dec. 31, 2010	Balance after Encumbrances and Transfers	Paid or charged	Balance lapsed
Salaries and Wages Within "CAPS"				
Administrative and Executive	\$ 108	108		108
Elections	828	3,250	3,250	
Collection of Taxes	771	771		771
Financial Administration	189	189		189
Assessment of taxes	85	85		85
Municipal Court	10,422	10,422		10,422
Legal services	2,429	7		7
Public Buildings and Grounds	11,050	11,050		11,050
Planning Board	8,950	8,950		8,950
Police Department	91,438	90,383	90,383	
Fire Inspector	12,124	12,174		12,174
Street Cleaning	49,759	49,759	12,950	36,809
Recreation	362	362		362
Senior Citizens Nutrition Program	2,997	2,997		2,997
Senior Citizens Transportation	2	2		2
UEZ Zone	127	127		127
Construction Code	18,217	18,217		18,217
License Inspector	5,831	5,831		5,831
Total Salaries and Wages Within "CAPS"	215,689	214,684	106,583	108,101
Other Expenses Within "CAPS"				
Administrative and Executive	35	4,291	4,266	25
Elections	9,500	9,500		9,500
Financial Administration	37,837	44,639	43,803	836
Assessment of taxes	3,231	3,273	42	3,231
Collection of Taxes	27	27		27
Municipal Court	1,508	1,859	351	1,508
Legal Services	111	111		111
Public Building and Grounds	33	53,455	31,269	22,186
Planning Board	1,615	1,615		1,615
Engineering	40,554	40,554	8,094	32,460
Insurance - Other	197,546	197,546		197,546
Group Insurance for Employees	367,255	367,255	21,944	345,311
Police Department	3,994	10,193	6,221	3,972
Emergency Management Services	250	250		250
Weehawkin Volunteer Ambulance	9,410	10,465	10,465	
Fire Inspector	5,675	5,725	1,100	4,625
Street Cleaning	274	8,114	7,841	273
Recycling	5,822	5,822	4,050	1,772
Solid Waste	55,348	55,348	38,034	17,314
Public Health Services				
Recreation	18,042	18,392	10,560	7,832
Celebration of Public Events	1,041	1,578	538	1,040

TOWN OF GUTTENBERG

Schedule of 2010 Appropriation Reserves

Current Fund

Year ended December 31, 2011

<u>Description</u>	Balance Dec. 31, 2010	Balance after Encumbrances and <u>Transfers</u>	Paid or <u>charged</u>	Balance <u>lapsed</u>
Senior Citizens Nutrition Program	2,612	2,612		2,612
Senior Citizens Transportation	1,251	1,251		1,251
UEZ Zone	878	878		878
Construction Code Official	773	1,075	302	773
License Inspector	1,600	1,600		1,600
Electricity	2,895	9,052	6,157	2,895
Street lighting	11,614	11,614		11,614
Telephone	5,422	6,892	1,469	5,423
Sewerage	2,404	2,404		2,404
Fire Hydrant Service	5,946	9,849	3,903	5,946
Gasoline	2,919	3,829	910	2,919
Water	899	1,183	284	899
Technology	577	1,895	1,318	577
Postage - All Departments	4,790	5,164	374	4,790
Salary and Wage Adjustment	13,873	13,873		13,873
Contingent	5,250	5,250		5,250
Total Other Expenses Within "CAPS"	<u>822,811</u>	<u>918,433</u>	<u>203,295</u>	<u>715,138</u>
Deferred Charges and Statutory Expenditures- Municipal within "CAPS"				
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	22,551	22,551		22,551
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	<u>22,551</u>	<u>22,551</u>		<u>22,551</u>
Other Expenses Excluded From "CAPS"				
North Hudson Regional Communication	2,500	2,500		2,500
Stormwater Management	22,000	22,000		22,000
Total Other Expenses Excluded From "CAPS"	<u>24,500</u>	<u>24,500</u>		<u>24,500</u>
Total General Appropriations	<u>\$ 1,085,551</u>	<u>1,180,168</u>	<u>309,878</u>	<u>870,290</u>
Appropriation Reserves		1,085,551		
Encumbrances		<u>94,617</u>		
		<u>\$ 1,180,168</u>		
Cash Disbursements			219,495	
Transferred to Reserve for Retroactive Pay			<u>90,383</u>	
			<u>\$ 309,878</u>	

Exhibit A-13

TOWN OF GUTTENBERG

Schedule of Reserve for Encumbrances

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$	94,617
Increased by:		
2011 encumbrances		<u>30,866</u>
		125,483
Decreased by:		
Transferred to appropriation reserves		<u>94,617</u>
Balance - December 31, 2011	\$	<u><u>30,866</u></u>

Exhibit A-14

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$	10,806
Increased by:		
Cash Receipts		<u>69,698</u>
		80,504
Decreased by:		
Cash Disbursements		<u>33,875</u>
Balance - December 31, 2011	\$	<u><u>46,629</u></u>

TOWN OF GUTTENBERG

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$ 109,522
Increased by:	
2012 prepaid taxes collected	<u>177,058</u>
	286,580
Decreased by:	
Taxes realized as revenue	<u>109,522</u>
Balance - December 31, 2011	<u><u>\$ 177,058</u></u>

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

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$ <u>6,764</u>
Balance - December 31, 2011	<u><u>\$ 6,764</u></u>

TOWN OF GUTTENBERG

Schedule of Interfunds Due from/(to) Other Funds

Current Fund

Year Ended December 31, 2011

	Balance Dec. 31, <u>2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2011</u>
Trust Funds:				
CDBG Trust Fund	\$ 219,415	100,371	219,415	100,371
Other Trust Fund	1,288	4,464	72,038	(66,286)
Escrow Trust Fund	24	50	24	50
Unemployment Trust Fund	(1,658)	1,658	2,794	(2,794)
General Capital Fund	13,342	2,554	19,492	(3,596)
Payroll Agency Account	2,999	127,282	88,919	41,362
	<u>\$ 235,410</u>	<u>236,379</u>	<u>402,682</u>	<u>69,107</u>
			Cash Receipts \$ 156,011	
			Interfunds Returned 237,068	
		Cash Disbursement 133,140		
		Reimbursement for expenses paid 100,000	9,603	
		Interest Earned 3,239		
		<u>\$ 236,379</u>	<u>402,682</u>	

TOWN OF GUTTENBERG

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

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010		\$	429,687
Increased by:			
Deposits made in error	\$	532	
Cancellation of Appropriated Grant Reserves		<u>134,443</u>	
			<u>134,975</u>
			564,662
Decreased by:			
Grants Receivable Cancelled		115,544	
Unappropriated Grants		828	
Deferred Charge raised in Budget		12,022	
Reimbursement of Bank Service Fees		35	
Matching Budget Appropriations		<u>3,123</u>	
			<u>131,552</u>
Balance - December 31, 2011		\$	<u><u>433,110</u></u>

TOWN OF GUTTENBERG

Schedule of Various Reserves

Current Fund

Year Ended December 31, 2010

	Balance, Dec. 31, <u>2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2011</u>
Reserve for:				
Pension Deferral	\$ 228,137			228,137
Revaluation	220,000		202,870	17,130
Library Contribution - North Bergen	20,554			20,554
State Library Aid	4,476			4,476
Tax Appeals	278,226		50,019	228,207
Police Retroactive Pay	329,576	90,383		419,959
Outside Liens	<u>25,137</u>	<u>497,199</u>	<u>501,497</u>	<u>20,839</u>
	<u>\$ 1,106,106</u>	<u>587,582</u>	<u>754,386</u>	<u>939,302</u>
		Cash Receipts 497,199		
		Cash Disbursements 754,386		
		Transferred from Appropriation Reserves 90,383		
		<u>\$ 587,582</u>	<u>754,386</u>	

TOWN OF GUTTENBERG

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$	4,451
Increased by:		
Transferred from taxes receivable		<u>393</u>
Balance - December 31, 2011	\$	<u><u>4,844</u></u>

TOWN OF GUTTENBERG
Schedule of Grants Receivable
Federal and State Grant Fund
Year Ended December 31, 2011

Purpose	Balance, Dec. 31, 2010	2011 Budget Revenue Realized	Received	Cancelled	Balance, Dec. 31, 2011
Clean Communities	\$ 640	13,159	13,159		640
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		9,167		3,106
Safe Kids Program	10,000				10,000
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)	
Municipal Alliance	10,416		10,416		
New Jersey Department of Transportation - Imps. to 71st. Street, Section 4	85,000			(85,000)	
UEZ-Video Surveillance Wireless Network	187,268		187,268		
Recycling Tonnage Grant		14,535	14,535		
Summer Food Program		14,450	14,450		
Summer Food Program		30,530	30,530		
Obey the Signs		2,704	2,704		
Drunk Driving Enforcement Fund		3,033	3,033		
Drunk Driving Enforcement Fund		3,033			3,033
Municipal Alliance - 2011		12,491	746		11,745
DMV Fines		700	700		
UEZ - 2011 Administration		4,500	2,026		2,474
Body Armor Replacement Fund		3,272	3,272		
Over the Limit Under Arrest		3,784	3,784		
UEZ - 2009 Administration		5,515	5,515		
UEZ - 2010 Administration		4,904	4,904		
Alcohol Education and Rehabilitation		1,961	1,961		
Recycling Tonnage Grant		5,280	5,280		
Community Forestry Grant		3,000			3,000
Combating Underage Drinking		4,000	4,000		
	<u>\$ 365,640</u>	<u>130,851</u>	<u>317,450</u>	<u>(115,544)</u>	<u>63,497</u>

Cash receipts	\$ 238,610
Unappropriated Reserves	<u>78,840</u>
	<u>\$ 317,450</u>

TOWN OF GUTTENBERG

Schedule of Appropriated Grant Reserves

Federal and State Grant Fund

Year Ended December 31, 2011

Purpose	Balance, Dec. 31, 2010	Budget Appropriations	Expended	Cancelled	Balance, Dec. 31, 2011
Alcohol Education and Rehabilitation Fund	\$ 587				587
Alcohol Education and Rehabilitation Fund	884				884
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	10,195		10,195		
Urban Enterprise Zone	7,152				7,152
Drunk Driving Enforcement Fund	3,159		3,159		
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
NJ DOT-2006 - Imps. to Broadway/Hudson/Ferry	2,850				2,850
Emergency Management Grant	534				534
Recycling Tonnage Grant	1,378		1,378		
Drunk Driving Enforcement Fund	3,478		1,546		1,932
Click It Or Ticket	3,124			(3,124)	
Obey the Signs	2,608			(2,608)	
Handicapped Grant	1,115			(1,115)	
Municipal Alliance	276		276		
Drunk Driving Enforcement Fund	2,703		1,158		1,545
DMV Fines	879				879
Driving While Intoxicated	58				58
Body Armor Grant	2,142		2,142		
Recycling Tonnage Grant	3,102		3,102		
Clean Communities Grant	12,132		12,132		
Obey the Signs	3,286			(3,286)	
Alcohol Education Rehabilitation grant	341				341
Alcohol Education Rehabilitation grant	1,552				1,552
New Jersey Department of Transportation - Imps. to 71st. Street, Section 4	85,000			(85,000)	
UEZ - Video Surveillance Wireless Network	187,268		187,268		
Summer Food Program		30,530	3,561		26,969
Obey the Signs		2,704			2,704
Drunk Driving Enforcement Fund		3,033			3,033
Drunk Driving Enforcement Fund		3,033			3,033
Municipal Alliance - 2011		12,491	5,353		7,138
Municipal Alliance - Match		3,123			3,123
DMV Fines		700			700
UEZ - 2011 Administration		4,500	2,026		2,474
Clean Communities Grant		13,159	13,098		61
Body Armor Grant		3,272	3,272		
Over the Limit Under Arrest		3,784			3,784
UEZ - 2009 Administration		5,515			5,515
UEZ - 2010 Administration		4,904			4,904
Alcohol Education and Rehabilitation Fund		1,961			1,961

TOWN OF GUTTENBERG
Schedule of Appropriated Grant Reserves
Federal and State Grant Fund
Year Ended December 31, 2011

<u>Purpose</u>	Balance, Dec. 31, 2010	Budget Appropriations	Expended	Cancelled	Balance, Dec. 31, 2011
Recycling Tonnage Grant		5,280	2,425		2,855
Community Forestry Grant		3,000			3,000
Combating Underage Drinking		4,000			4,000
Recycling Tonnage Grant		14,535			14,535
Summer Food Program		14,450	14,450		
	<u>\$ 410,847</u>	<u>133,974</u>	<u>266,541</u>	<u>(134,443)</u>	<u>143,837</u>
		Adopted Budget 101,866			
		Matching Appropriations 3,123			
		Added by N.J.S.A. 40A:4-87 28,985			
		<u>\$ 133,974</u>			
			Cash Disbursements <u>266,541</u>		

TOWN OF GUTTENBERG
Schedule of Unappropriated Grant Reserves
Federal and State Grant Fund
Year Ended December 31, 2011

<u>Purpose</u>	Balance, Dec. 31, <u>2010</u>	<u>Received</u>	Appropriated in 2011 <u>Budget</u>	Balance, Dec. 31, <u>2011</u>
Alcohol Education Rehabilitation Fund	\$ 1,960	971	1,960	971
Body Armor Replacement Fund	3,271	2,374	3,271	2,374
DMV Fines	700	1,100	700	1,100
Clean Communities	13,159	12,628	13,159	12,628
Recycling Tonnage Grants	5,280	20	5,280	20
Obey the Signs	2,704		2,704	
Drunk Driving Enforcement Fund	3,033		3,033	
Combating Underage Drinking	4,000		4,000	
Over the Limit Under Arrest	3,784		3,784	
Urban Enterprise Zone - Balance of Funds		24,038		24,038
Urban Enterprise Zone - FY09 Administration	5,515		5,515	
Urban Enterprise Zone - FY10 Administration	4,904		4,904	
Summer Food	30,530	289	30,530	289
	<u>\$ 78,840</u>	<u>41,420</u>	<u>78,840</u>	<u>41,420</u>
Due from Current Fund		296		
Cash Receipts		41,124		
		<u>\$ 41,420</u>		

TOWN OF GUTTENBERG

Schedule of Cash - Treasurer

Trust Funds

Year Ended December 31, 2011

	Animal License Fund	Unemployment Compensation Fund	Community Development Block Grant	Other Trust Funds
Balance - December 31, 2010	\$ 2,973	22,901	71,502	475,217
Increased by:				
Interfunds		1,658		314
Employee payroll deductions		4,331		
Budget Appropriation		18,131		
Dog License Fees	1,231			
State Fees	370			
Grant monies received			204,276	
Due from Marriage License Clerk				1,975
Interest earned on investments	6	66	371	
Miscellaneous Reserves				316,277
	<u>1,607</u>	<u>24,186</u>	<u>204,647</u>	<u>318,566</u>
	<u>4,580</u>	<u>47,087</u>	<u>276,149</u>	<u>793,783</u>
Decreased by:				
State Fees	400			2,025
Interfunds			264,938	69,472
Animal license expenditures	6,241			
Unemployment Claims payable		16,142		
Miscellaneous Reserves				245,992
	<u>6,641</u>	<u>16,142</u>	<u>264,938</u>	<u>317,489</u>
Balance - June 30, 2011	\$ <u>(2,061)</u>	<u>30,945</u>	<u>11,211</u>	<u>476,294</u>

TOWN OF GUTTENBERG
Schedule of Reserve for Expenditures
Animal License Fund
Year Ended December 31, 2011

Balance - December 31, 2010	\$	1,889
Increased by:		
Dog license fees	\$	1,231
Interest earnings		6
		1,237
		3,126
Decreased by:		
Disbursements		6,241
Balance - December 31, 2011 - (Deficit)	\$	(3,115)

Dog License Fees Collected

FY2010		1,275
TY2010		263

\$ 1,538

TOWN OF GUTTENBERG

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

Animal License Trust Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$ 1,084
Increased by:	
2011 Fees Collected	370
	<u>1,454</u>
Decreased by:	
Paid to State Treasurer	400
	<u>400</u>
Balance - December 31, 2011	<u><u>\$ 1,054</u></u>

TOWN OF GUTTENBERG

**Schedule of Community Development Block
Grants Receivable**

Community Development Block Grant Trust Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$ 443,454
Increased by:	
Grant Awarded	<u>100,000</u>
	543,454
Decreased by:	
Cash Receipts	<u>204,276</u>
Balance - December 31, 2011	<u><u>\$ 339,178</u></u>

Analysis of Balance

Community Center - 3-03E1-09	139,178
Community Center - 3-03E1-10	100,000
Polk Street & 68th St. Upgrades	<u>100,000</u>
	<u><u>\$ 339,178</u></u>

TOWN OF GUTTENBERG

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

Community Development Block Grant Trust Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$ 250,018
Increased by:	
Grant Awarded	<u>100,000</u>
	350,018
Decreased by:	
Due to Current Fund	<u>100,000</u>
Balance - December 31, 2011	<u><u>\$ 250,018</u></u>

TOWN OF GUTTENBERG

Schedule of Amount Due to State of New Jersey

Other Trust Funds

Year Ended December 31, 2011

Balance - December 31, 2010	\$	729
Increased by:		
Cash Receipts		<u>1,975</u>
		2,704
Decreased by:		
Cash Disbursements		<u>2,025</u>
Balance - December 31, 2011	\$	<u><u>679</u></u>

Analysis of Balance

Marriage License Fees - 3rd Quarter of 2010	50
Marriage License Fees - 4th Quarter of 2010	25
Marriage License Fees - 2nd Quarter of 2011	25
Marriage License Fees - 4th Quarter of 2011	325
DCA Fees	<u>254</u>
	<u><u>\$ 679</u></u>

TOWN OF GUTTENBERG

Schedule of Interfunds

Trust Funds

Year Ended December 31, 2011

	Balance Due from/(to) Dec. 31, <u>2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance, from/(to) Dec. 31, <u>2011</u>
Community Development Block Grant Fund:				
Current Fund	\$ (219,415)	100,371	219,415	(100,371)
General Capital Fund	(45,523)		45,523	
Unemployment Trust Fund:				
Current Fund	1,658	1,658	2,794	2,794
Other Trust Fund:				
Escrow Trust - Current Fund	(24)	50	24	(50)
Current Fund	<u>(1,288)</u>	<u>4,464</u>	<u>72,038</u>	<u>66,286</u>
	<u>\$ (264,592)</u>	<u>106,543</u>	<u>339,794</u>	<u>(31,341)</u>
		Cash Receipts \$ 2,343		
		Cash Disbursements	334,410	
		Deposits posted to Current in error	2,590	
		Reimbursement for expenditures made	104,200	
		Employee payroll deductions	<u>2,794</u>	
		<u>\$ 106,543</u>	<u>339,794</u>	

TOWN OF GUTTENBERG

Schedule of Miscellaneous Reserves

Other Trust Funds

Year Ended December 31, 2011

	Balance, Dec. 31, <u>2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2011</u>
Reserve for:				
Planning Board Escrow	\$ 2,654		2,654	
Accumulated Leave		114,000		114,000
Snow Removal		20,000		20,000
P.O.A.A.	34,781	12,246	26,216	20,811
Law Enforcement Trust	497	573		1,070
Recreation Trust	8,019	5,074	11,627	1,466
Street Opening Deposits	1,689		1,689	
Performance Bond - Bulls Ferry	85,000		85,000	
Annual Celebrations		90		90
Safe Kids Day	3,580			3,580
Fire Prevention	19,031	9,113	10,582	17,562
Builders Escrow Deposits	126,842	27,255	42,747	111,350
Police Special Detail	1,097	41,886	31,555	11,428
Public Defender	34,389	7,306	8,942	32,753
Accessed Forfeiture	16,297	29	3,860	12,466
Senior Citizens	200	3,995	2,320	1,875
Tax Sale Premiums	139,100	77,300	23,000	193,400
	<u>\$ 473,176</u>	<u>318,867</u>	<u>250,192</u>	<u>541,851</u>
		Cash Receipts		
		316,277		
			Cash Disbursements	
			156,649	
			Cancelled - Disbursed to Current Fund	
			89,343	
			Due from Current Fund	
		<u>2,590</u>	<u>4,200</u>	
		<u>\$ 318,867</u>	<u>250,192</u>	

TOWN OF GUTTENBERG

**Schedule of Reserve for Unemployment
Compensation Insurance**

Unemployment Insurance Compensation Trust

Year Ended December 31, 2011

Balance - December 31, 2010		\$	24,559
Increased by:			
Employee payroll deductions	\$	4,331	
Employee payroll deductions - due from Current Fund		2,794	
Interest earnings		66	
Budget Appropriation		<u>18,131</u>	
			<u>25,322</u>
			49,881
Decreased by:			
Payment of Unemployment Insurance claims			<u>16,142</u>
Balance - December 31, 2011		\$	<u><u>33,739</u></u>

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TOWN OF GUTTENBERG

Schedule of Cash - Treasurer

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010		\$	1,121,961
Increased by receipts:			
Due from Community Development Trust	\$	45,523	
Due to/(from) Current Fund		2,554	
Reserve for Payment of Notes		104,428	
Premium on Sale of Notes		2,137	
Budget Appropriation - Paydown on Notes		171,500	
Bond Anticipation Notes		1,990,500	
Capital Improvement Fund		1,000,000	
			<u>3,316,642</u>
			4,438,603
Decreased by disbursements:			
Due to/(from) Current Fund		19,492	
Bond Anticipation Notes		2,162,000	
Expenditures without Appropriation		132,905	
Improvement Authorizations		544,667	
			<u>2,859,064</u>
Balance - December 31, 2011		\$	<u><u>1,579,539</u></u>

TOWN OF GUTTENBERG
Schedule of General Capital Fund Cash
General Capital Fund
Year Ended December 31, 2011

Capital Improvement Fund	\$	1,390,684
Expenditures without Appropriation		(132,905)
Due From Federal and State Grant Fund		(24,280)
Reserve for Payment of Notes - Ord. 15-2008		104,428
Grant Receivable		(240,000)
Reserve for Debt Service - Cash on Hand		382,570
Due to Current Fund		(3,596)
Fund Balance		45,534

Improvement description

6-2008	Improvements to Waterfront Park	264,257
03-2010	Improvements to 71st Street	(24,130)
08-2011	Various Capital Improvements	<u>(183,023)</u>
		<u>\$ 1,579,539</u>

TOWN OF GUTTENBERG

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

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010		\$	3,499,976
Decreased by:			
Budget appropriations:			
Green Acres Loan	\$	29,232	
Municipal Bonds		<u>440,000</u>	
			<u>469,232</u>
Balance - December 31, 2011		\$	<u><u>3,030,744</u></u>

TOWN OF GUTTENBERG

Schedule of Due from Community Development Trust Fund

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$ <u>45,523</u>
Decreased by:	
Cash Receipts	\$ <u><u>45,523</u></u>

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

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2011	\$ 88,108
Decreased by:	
Cancellations	<u>3,108</u>
Balance - December 31, 2011	\$ <u><u>85,000</u></u>

Analysis of Balance

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

TOWN OF GUTTENBERG

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

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010	\$ <u>155,000</u>
Balance - December 31, 2011	\$ <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 Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2011

Balance - December 31, 2010	\$	412,284
Increased by:		
Budget Appropriation		<u>1,000,000</u>
		1,412,284
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>21,600</u>
Balance - December 31, 2011	\$	<u><u>1,390,684</u></u>

Schedule of Interfund Payable/(Receivable) - Due to Current Fund
General Capital Fund
Year Ended December 31, 2011

Balance - December 31, 2010	\$	13,342
Increased by:		
Interest earned on investments		<u>2,554</u>
		15,896
Decreased by:		
Bank service charges incurred	\$	6,150
Cash disbursements		<u>13,342</u>
		<u>19,492</u>
Balance - December 31, 2011	\$	<u><u>(3,596)</u></u>

TOWN OF GUTTENBERG

Schedule of Reserve for Payment of Notes - Ord. 15-2008

General Capital Fund

Year Ended December 31, 2011

Increased by:	
Grant proceeds received	\$ <u>104,428</u>
Balance - December 31, 2011	\$ <u><u>104,428</u></u>

TOWN OF GUTTENBERG

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2011

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, Dec. 31, 2010		Authorized	Expended	Canceled	Balance, Dec. 31, 2011	
				Funded	Unfunded				Funded	Unfunded
02-2005	Various Capital Improvements	Jan. 24, 2005	500,000 \$	24,888			9,600	(15,288)		
18-2006	Various Capital Improvements	Dec. 11, 2006	550,000	210,092			37,146	(172,946)		
5-2008/15-2008	Various Capital Improvements	Mar. 24, 2008	390,000	47,583			1,597	(45,986)		
		Feb. 2, 2009	540,000							
6-2008	Improvements to Waterfront Park	Mar. 24, 2008	450,000	107,500			138,243	(130,749)		264,257
13-2008	Refunding of Tax Appeals	Feb. 9, 2009	600,000	188,419			57,670	(20,709)		
14-2008	Improvements to 71st Street	Feb. 9, 2009	225,000	20,709						
03-2010	Improvements to 71st Street	Mar. 1, 2010	115,000	30,000			95,788			5,870
08-2011	Various Capital Improvements	Apr. 25, 2011	432,000			432,000	204,623			227,377
			\$	179,158	816,691	432,000	544,667	(385,678)		497,504

Cash Disbursed 544,667

TOWN OF GUTTENBERG

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2011

Ord. Number	Purpose	Date of original issue	Original issue	Date of Maturity	Interest rate	Balance, Dec. 31, 2010	Increased	Decreased	Balance, Dec. 31, 2011
2-2005	Various Capital Improvements	Apr. 7, 2005	475,000	Mar. 23, 2011	1.50%	424,000	407,000	424,000	407,000
18-2006	Various Capital Improvements	Mar. 24, 2008	522,500	Mar. 23, 2011	1.50%	522,500	503,000	522,500	503,000
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%	525,000	390,000	525,000	390,000
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
						\$ 2,162,000	1,990,500	2,162,000	1,990,500

TOWN OF GUTTENBERG

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year Ended December 31, 2011

<u>Ordinance number</u>	<u>Improvement description</u>	Balance, Dec. 31, <u>2011</u>	<u>Authorized</u>	Balance, Dec. 31, <u>2011</u>
03-2010	Improvements to 71st Street	\$ 30,000		30,000
08-2011	Various Capital Improvements		410,400	410,400
		<u>\$ 30,000</u>	<u>410,400</u>	<u>440,400</u>

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TOWN OF GUTTENBERG

PART II

LETTERS ON COMPLIANCE AND ON INTERNAL CONTROL

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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 December 31, 2011, and have issued our report thereon dated July 31, 2012. 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

Management of the Town of Guttenberg is responsible for establishing and maintaining effective 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.

Compliance and Other Matters

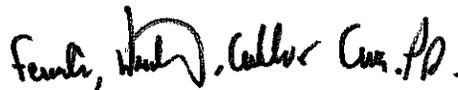
As part of obtaining reasonable assurance about whether the Town of Guttenberg's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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. CROO413



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

July 31, 2012

**TOWN OF GUTTENBERG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

STATUS OF PRIOR YEAR AUDIT FINDINGS

Finding 2011-1:

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:

Resolved

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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 January 1, 2011, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000.

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

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

Auto and Truck Repairs

Recreation Field Improvements

68th Street Road Improvements

Construction of the Waterfront Park

Repainting of the Municipal Building

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 failed to adopt a resolution authorizing interest to be charged on delinquent taxes.

TOWN OF GUTTENBERG

GENERAL COMMENTS, (continued)

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 21, 2011 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 December 31, of the last three periods:

	<u>Number of Liens</u>
Year Ended December 31, 2011	3
Six Month Period Ended December 31, 2010	3
Year Ended June 30, 2010	3

TOWN OF GUTTENBERG

OTHER COMMENTS

FINANCE/TAX COLLECTOR

- 1.* Bank reconciliations are not performed for both the Tax Collector and Redemption accounts.
- 2.* 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.
- 3.* Deposits are not always made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.
- 4.* The Net Payroll Account has an excess balance of \$41,362 at December 31, 2011 that is owed to the Current Fund.
- 5.* A 1099 was not issued to all individuals/vendors that were compensated in excess of \$600 in violation of IRS regulations.
- 6.* Not all delinquent taxes receivable outstanding from prior years' were sold at the tax sale nor were balances investigated for propriety.
- 7.* Escrow receipts and disbursements are not being deposited and/or processed in a timely manner.
8. A resolution cancelling the erroneous addition of revenues and appropriations via N.J.S.A. 40A:4-87 in 2010 was not prepared and approved.
9. Expenditures totaling \$132,905.32 for Improvements to 68th Street, Phase I were incurred prior to the adoption of a Capital Improvement Authorization.
10. The Town is not confirming that their payroll service provider is remitting payroll deductions and withholdings to respective governmental agencies in a timely manner.
11. A review of quarterly pension reports revealed that there might be professional services appointed that are enrolled in the Public Employees' Retirement System.
12. There were instances in which deposits in the Tax Collector's redemption account were not in agreement with the subsequent disbursement to lien holders.
13. There is a reconciled cash and reserve deficit in the Animal License Trust Fund.
14. There were instances in which a substantial amount of departmental revenue was posted to incorrect budget revenue lines.
15. The Equitable Sharing Agreement and Certification of Federal Forfeited Funds was not certified and submitted on a timely basis.

CLERK

1. A resolution establishing the rates of interest to be collected on delinquent taxes was not prepared and presented to the governing body for approval.

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 December 31, 2011.
- 2.* Stale-dated checks are being carried as part of the reconciliation.
- 3.* A review of the Court's December 2010 ATS/ACS Monthly Management Report revealed that the court is behind in the processing of the following:
 - a. Tickets assigned over 180 days: 140 tickets
 - b. Tickets eligible for Dismissal: 89 tickets
 - c. Complaints eligible for Warrant: 110 complaints

DEPARTMENTS

Building Department:

1. Deposits are not being made in a timely manner.
2. Permit fees are not being charged in accordance with approved fee schedules.

Animal License Clerk:

- 3*. There is a substantial balance of state dog license fees payable at year end.

License Department:

- 4*. 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.* Bank reconciliations should be performed on all bank accounts maintained by the Tax Collector.
- 2.* Monthly tax proofs be performed to ensure cash collections are in agreement with those posted to the system.
- 3.* All deposits be made within 48 hours of receipt.
- 4.* The excess balance advanced to the Net Payroll Account from the Current Fund be returned prior to year end.
- 5.* A 1099 be issued to all individuals and/or organizations that earn in excess of \$600 per year as required by the Internal Revenue Service.
- 6.* All delinquent taxes not under a bankruptcy proceeding be reviewed for proper disposition and possible inclusion in the current years' tax sale.
- 7.* All Escrow receipts and escrow charges be deposited and/or processed and paid in a timely manner.
8. Resolutions correcting and/or cancelling erroneous financial recordings be prepared and submitted to the governing body for approval.
9. Town personnel ensure that there is sufficient approved funding prior to the awarding of a contract and incurring expenditures.
10. The Town enroll in various online resources to verify timely submission and remittance of federal and state payroll taxes by their outside payroll service provider as advised in Local Finance Notice 2009-18.
11. A review of quarterly pension reports be made to ensure that professional services appointees are not enrolled in the pension system.
12. Lien redemption deposits be verified prior to subsequent disbursement to the outside lien holder to ensure adequate funds have been received.
13. Town personnel more closely monitor trust fund cash and reserve balances to ensure expenditures are not incurred in excess of available balances.
14. Departmental deposits be reviewed and posted to the proper anticipated revenue lines.
15. All necessary certifications and reports concerning federal forfeited funds be made in a timely manner.

CLERK

1. A resolution establishing the rates of interest to be calculated and collected on delinquent taxes be prepared and presented to the governing body for approval.

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 and any discrepancies be investigated for possible disposition.
- 2.* That all stale-dated checks be properly cancelled and removed as reconciling items.
- 3.* Court personnel review the Monthly Management reports and take steps to reduce the significant number of tickets/cases outstanding.

DEPARTMENTS

Building Department:

1. All permit revenue be deposited within 48 hours of receipt.
2. An updated fee ordinance be presented to the Mayor and Council for approval.

Animal License Clerk:

- 3*. The balance of fees payable to the State be liquidated as soon as possible.

License Department:

- 4.* Department personnel utilize the fee ordinance authorized by 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

July 31, 2012