

TOWN OF GUTTENBERG

**Financial Statements With
Supplementary Information**

December 31, 2012

(With Independent Auditors' Reports Thereon)

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TOWN OF GUTTENBERG

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Town of Guttenberg in the County of Hudson, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Town of Guttenberg as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2013 on our consideration of the Town of Guttenberg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Guttenberg's internal control over financial reporting and compliance.


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


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

March 1, 2013



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TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Current Fund:			
Cash	A-4	\$ 4,595,144	4,656,090
Grants Receivable:			
Department of Transportation - 68th St. Sec. 3		100,000	
Community Development Block Grant - 68th St. Sec. 3		100,000	
Due from State of New Jersey:			
Senior citizens' and veterans' deductions	A-8	<u>21,657</u>	<u>20,019</u>
		<u>4,816,801</u>	<u>4,676,109</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-5	1,326,992	1,430,707
Tax Title Liens	A-20	5,258	4,844
Revenue accounts receivable	A-6	181,507	45,585
2013 Prepaid Payroll		158,501	73,437
Interfunds Receivable:			
Animal License Trust Fund	A-17	728	
Community Development Trust Fund	A-17	100,414	100,371
Escrow Trust Fund	A-17	23	50
Payroll Agency Account	A-17	75	41,362
Net Payroll Account	A-17	384	
General Capital Fund	A-17	962	
Due from Federal and State Grant Fund	A-18	<u>475,945</u>	<u>433,110</u>
		<u>2,250,789</u>	<u>2,129,466</u>
Deferred Charges:			
Special Emergency Authorizations	A-7	<u>132,000</u>	<u>176,000</u>
		<u>7,199,590</u>	<u>6,981,575</u>
State and Federal Grant Fund:			
Cash	A-4	592,649	579,150
Grants receivable	A-21	<u>14,078</u>	<u>63,497</u>
		<u>606,727</u>	<u>642,647</u>
		<u>\$ 7,806,317</u>	<u>7,624,222</u>

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation reserves	A-3,A-12	\$ 1,233,354	1,147,968
Encumbrances payable	A-13	36,932	30,866
Tax overpayments	A-14	78,049	46,629
Prepaid taxes	A-15	140,704	177,058
Local School District Taxes Payable	A-9	156,714	
County Taxes Payable	A-10	19	
County Added Taxes Payable	A-11	9,262	1,655
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	100	66,286
Unemployment Compensation Trust Fund	A-17		2,794
General Capital Fund	A-17		3,596
Reserve for:			
Pension Deferral	A-19	228,137	228,137
Revaluation	A-19	17,130	17,130
Library Contribution	A-19	20,554	20,554
State Library Aid	A-19	4,476	4,476
Tax Appeals	A-19	216,453	228,207
Police Retroactive Pay	A-19	90,383	419,959
Outside Liens	A-19	24,878	20,839
		<u>2,263,909</u>	<u>2,422,918</u>
Reserve for receivables and other assets	A	2,250,789	2,129,466
Fund balance	A-1	<u>2,684,892</u>	<u>2,429,191</u>
		<u>7,199,590</u>	<u>6,981,575</u>
State and Federal Grant Fund:			
Due to Current Fund	A-18	475,945	433,110
Due to General Capital Fund	C	24,280	24,280
Appropriated reserves	A-22	99,383	143,837
Unappropriated reserves	A-23	7,119	41,420
		<u>606,727</u>	<u>642,647</u>
		<u>\$ 7,806,317</u>	<u>7,624,222</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

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

Current Fund

Year Ended December 31, 2012 and 2011

	Dec. 31, <u>2012</u>	Dec. 31, <u>2011</u>
Revenue and other income realized:		
Fund balance utilized	\$ 1,250,000	1,200,000
Miscellaneous revenue anticipated	2,646,696	2,410,711
Receipts from delinquent taxes	1,466,158	907,380
Receipts from current taxes	26,294,025	24,873,172
Nonbudget revenues	447,217	267,900
Other credits to income:		
Unexpended balance of appropriation reserves	813,552	870,290
Liabilities Canceled	5,118	
Grant Cancellations		18,899
Prior year pre-paid payroll charged	73,437	
Interfunds Returned - Federal and State Grant Fund	1,036	
Interfunds Returned	41,769	257,692
	<hr/>	<hr/>
Total revenue	33,039,008	30,806,044
Expenditures:		
Budget and emergency appropriations:		
Operations:		
Salaries and wages	4,313,770	4,364,030
Other expenses	8,726,880	8,144,774
Deferred charges and statutory expenditures	972,693	903,870
Capital improvements	1,067,095	1,000,000
Municipal debt service	922,899	834,063
County taxes	4,850,886	4,181,969
Due county for added taxes	9,262	1,655
Local district school taxes	10,327,973	9,887,132
Interfunds Advanced - Federal/State Grant Fund	43,871	
Interfunds Advanced		72,526
2012 Prepaid Payroll Advanced		73,437
2013 Prepaid payroll Advanced	158,501	
Refunds	139,477	164,170
	<hr/>	<hr/>
Total expenditures	31,533,307	29,627,626
Excess in Revenue	1,505,701	1,178,418

TOWN OF GUTTENBERG

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

Current Fund

Year Ended December 31, 2012 and 2011

	Dec. 31, <u>2012</u>	Dec. 31, <u>2011</u>
Statutory excess to fund balance	1,505,701	1,178,418
Fund balance - January 1,	2,429,191	2,450,773
Decreased by utilization as anticipated revenue	<u>1,250,000</u>	<u>1,200,000</u>
Fund balance	<u>\$ 2,684,892</u>	<u>\$ 2,429,191</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus anticipated	\$ 1,250,000	1,250,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	21,000	33,777	12,777
Other	62,000	151,009	89,009
Fees and permits:			
Construction	68,000	3,127	(64,873)
Other	75,000	184,578	109,578
Fines and costs municipal court	650,000	630,287	(19,713)
Parking meters	100,000	97,830	(2,170)
Interest and costs on taxes	150,000	283,837	133,837
Interest on investments and deposits	5,000	31,332	26,332
Consolidated Municipal Property Tax Relief Aid	226,768	226,768	
Energy Receipts Tax	532,007	532,007	
Public and Private Programs Offset by Revenues:			
State Recycling Grant	14,619	14,619	
Municipal Alliance	12,491	12,491	
Clean Communities	25,070	25,070	
Summer Food Program	23,155	23,155	
DMV Fines	1,100	1,100	
Urban Enterprise Zone - Remaining funds	28,528	28,528	
Body Armor Grant	9,922	9,922	
Alcohol Education and Rehabilitation	2,590	2,590	
Dept. of Transportation - Imps. To 68th St.	100,000	100,000	
CDBG - Imps. To 68 Street	100,000	100,000	
PILOT Housing Authority	55,000	47,235	(7,765)
Cablevision	30,000	82,814	52,814
Verizon		24,620	24,620
Total miscellaneous revenues	<u>2,292,250</u>	<u>2,646,696</u>	<u>354,446</u>
Receipts from delinquent taxes	<u>1,300,000</u>	<u>1,466,158</u>	<u>166,158</u>
Amount to be raised by taxes for support of municipal budget	<u>12,440,535</u>	<u>12,380,904</u>	<u>(59,631)</u>
Budget total	<u>\$ 17,282,785</u>	<u>17,743,758</u>	<u>460,973</u>
Nonbudget revenue		<u>447,217</u>	
		<u>\$ 18,190,975</u>	

TOWN OF GUTTENBERG
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2012

Analysis of Realized Revenue

Allocation of current tax collections;	
Revenue from collections	\$ <u>26,294,025</u>
Allocated to:	
Local district school tax	10,327,973
County taxes	<u>4,860,148</u>
	<u>15,188,121</u>
Balance for support of municipal budget appropriations	11,105,904
Reserve for uncollected taxes	<u>1,275,000</u>
	<u>\$ 12,380,904</u>
Receipts from:	
Delinquent tax collections	\$ <u>1,466,158</u>

Analysis of Miscellaneous Revenue Not Anticipated

Insurance Reimbursements	37,895
Worker's Compensation	30,492
Waterfront Park Reimbursement	56,086
Cancelled Grant Reserves	43,871
Close out of escrow balances	94,067
Unallocated Bail	22,691
COBRA payments	329
ADS Refunds - State Health Benefits	61,313
Prior Year voided checks	25,032
DMV Inspection Fines	1,400
Other	<u>74,041</u>
	<u>\$ 447,217</u>
Due from Federal and State Grant Fund	43,871
Cash	<u>403,346</u>
	<u>\$ 447,217</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2012

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Operations-within "CAPS"					
Administrative and executive:					
Salaries and wages	\$ 235,000	235,000	207,870	27,130	
Other expenses	160,000	160,000	130,358	29,642	
Elections:					
Salaries and wages	1,680	1,680	750	930	
Other expenses	12,500	12,500	7,981	4,519	
Financial administration:					
Salaries and wages	145,000	145,000	120,041	24,959	
Other expenses	130,000	130,000	68,962	61,038	
Assessment of taxes:					
Salaries and wages	58,000	61,000	58,141	2,859	
Other expenses	15,500	15,500	8,232	7,268	
Municipal Court:					
Salaries and wages	130,000	130,460	125,709	4,751	
Other Expenses	21,000	21,000	10,330	10,670	
Collection of taxes:					
Salaries and wages	85,000	85,000	79,198	5,802	
Other expenses	13,250	13,250	7,472	5,778	
Legal services and costs:					
Salaries and wages	86,600	87,800	84,753	3,047	
Other expenses	95,000	225,000	193,363	31,637	
Public building and grounds:					
Other expenses	170,000	170,000	89,183	80,817	
Engineering:					
Other expenses	55,000	55,000	33,498	21,502	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2012

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and wages	13,750	13,750	12,182	1,568	
Other expenses	5,100	5,100	436	4,664	
Community Action Program:					
Other expenses	10,500	10,500	10,000	500	
Insurance:					
Insurance-Other	522,530	522,530	480,358	42,172	
Group Insurance for Employees	2,196,850	2,092,850	2,003,738	89,112	
Unemployment Insurance	15,000	15,000	15,000		
PUBLIC SAFETY:					
Police:					
Salaries and wages	2,582,740	2,582,740	2,466,086	116,654	
Other expenses	120,000	130,000	127,309	2,691	
Emergency management services:					
Other expenses	650	5,050	4,967	83	
Weehawken Volunteer Ambulance:					
Other expenses	45,000	45,000	32,110	12,890	
Fire Official/Inspector:					
Salaries and wages	81,000	81,850	78,237	3,613	
Other expenses	3,000	3,000	2,720	280	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2012

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Public Works:					
Street Cleaning:					
Salaries and wages	470,000	470,000	412,512	57,488	
Other expenses	130,000	130,000	112,769	17,231	
Recycling:					
Other expenses	105,000	105,000	92,777	12,223	
Solid Waste & Garbage Removal:					
Other expenses	760,000	692,100	623,157	68,943	
Snow Removal:					
Other expenses	45,000	45,000	41,579	3,421	
Health and Welfare:					
Public Health Services:					
Other expenses	22,000	26,000	20,147	5,853	
Recreation and Education:					
Recreation:					
Salaries and wages	140,000	140,000	135,638	4,362	
Other expenses	70,000	73,100	73,082	18	
Celebration of public event, anniversary or holiday - other expenses	57,000	57,000	52,185	4,815	
Senior Citizens Nutrition Program:					
Salaries and wages	13,000	13,000	12,374	626	
Other expenses	35,700	35,700	29,777	5,923	
Senior Citizens Transportation:					
Salaries and wages	62,000	65,800	62,868	2,932	
Other expenses	14,280	14,280	10,490	3,790	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2012

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Senior Recreation Program:					
Other expenses	10,000	10,000	4,550	5,450	
Uniform construction code official:					
Salaries and wages	140,000	142,100	136,114	5,986	
Other expenses	8,000	10,000	9,575	425	
License inspector:					
Salaries and wages	20,000	20,000	13,443	6,557	
Other expenses	2,500	2,500	1,109	1,391	
UNCLASSIFIED:					
Utilities:					
Electricity	85,000	85,000	76,500	8,500	
Street lighting	120,000	120,000	94,560	25,440	
Telephone	60,000	60,000	54,579	5,421	
Water	16,000	16,000	15,126	874	
Fire hydrant service	50,000	50,000	43,806	6,194	
Sewerage	15,000	18,400	18,346	54	
Gasoline	85,000	85,000	74,620	10,380	
Postage - all departments	40,000	40,000	28,115	11,885	
Technology	65,000	80,000	79,994	6	
Salary & Wage Adjustment	50,000	38,590		38,590	
Total Operations within "CAPS"	9,700,130	9,700,130	8,788,776	911,354	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2012

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Contingent	6,125	6,125		6,125	
Total Operations Including Contingent-within "CAPS"	9,706,255	9,706,255	8,788,776	917,479	
Detail:					
Salaries & Wages	4,313,770	4,313,770	4,005,916	307,854	
Other Expenses (Including Contingent)	5,392,485	5,392,485	4,782,860	609,625	
	9,706,255	9,706,255	8,788,776	917,479	
Deferred Charges and Statutory Expenditures-Municipal within "CAPS"					
DEFERRED CHARGES					
Deficit in Animal License Fund	3,138	3,138	3,138		
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	200,000	200,000	181,498	18,502	
Public Employees Retirement system	138,144	138,144	138,144		
Police and Firemans Retirement System of N.J.	442,006	442,006	442,006		
Consolidated Police and Firemen's Pension Fund	12,500	12,500	11,585	915	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	795,788	795,788	776,371	19,417	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2012

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Total General Appropriations for Municipal Purposes within "CAPS"	10,502,043	10,502,043	9,565,147	936,896	
Operations-Excluded from "CAPS"					
Matching Funds for Grants	10,077	10,077		10,077	
Reserve for Tax Appeals	175,000	175,000	175,000		
911-Other Expenses	26,520	28,026	28,026		
Stormwater Management	41,600	41,600	9,450	32,150	
Library Service-North Bergen:					
Other expenses	179,000	179,000	160,856	18,144	
North Hudson Regional Communication:					
Other expenses	81,600	81,600	37,500	44,100	
North Hudson Regional Fire & Rescue:					
Other expenses	2,700,000	2,698,494	2,506,507	191,987	
Public and Private Programs Offset by Revenues					
State Recycling Grant	14,619	14,619	14,619		
Municipal Alliance	12,491	12,491	12,491		
Match	3,123	3,123	3,123		
Summer Food	23,155	23,155	23,155		
DMV Fines	1,100	1,100	1,100		
UEZ Administration - 2012	28,528	28,528	28,528		
Clean Communities	25,070	25,070	25,070		
Body Armor Grant	9,922	9,922	9,922		
Alcohol Education Rehabilitation	2,590	2,590	2,590		
Total Operations-Excluded from "CAPS"	3,334,395	3,334,395	3,037,937	296,458	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2012

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Detail:					
Salaries and Wages	3,334,395	3,334,395	3,037,937	296,458	
Other Expenses	3,334,395	3,334,395	3,037,937	296,458	
Capital Improvements - Excluded from CAPS					
Capital Improvement Fund	1,000,000	1,000,000	1,000,000		
NI Transportation Trust Fund Authority Act	67,095	67,095	67,095		
Total Capital Improvements - Excluded from CAPS	1,067,095	1,067,095	1,067,095		
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	470,000	470,000	470,000		
Payment of Bond Anticipation and Capital Notes	246,500	246,500	246,500		
Interest on Bonds	135,000	135,000	130,552		4,448
Interest on Notes	40,000	40,000	40,000		
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	35,848	35,848	35,847		1
Total Municipal Debt Service-Excluded from "CAPS"	927,348	927,348	922,899		4,449
Deferred Charges- Municipal Excluded from "CAPS"					
Special Emergency Authorizations - 5 years (N.J.S. 40A:4-55 Expenditure Without Appropriation - General Capital	44,000	44,000	44,000		
	132,905	132,905	132,905		
Total Deferred Charges-Municipal-Excluded from "CAPS"	176,905	176,905	176,905		

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2012

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>5,505,743</u>	<u>5,505,743</u>	<u>5,204,836</u>	<u>296,458</u>	<u>4,449</u>
Subtotal General Appropriations	16,007,786	16,007,786	14,769,983	1,233,354	4,449
Reserve for Uncollected Taxes	<u>1,275,000</u>	<u>1,275,000</u>	<u>1,275,000</u>		
Total General Appropriations	<u>\$ 17,282,786</u>	<u>17,282,786</u>	<u>16,044,983</u>	<u>1,233,354</u>	<u>4,449</u>
Adopted Budget	17,198,846				
Added by N.J.S.A. 40A:4-87	83,939				
	<u>\$ 17,282,785</u>				
		<u>Analysis of Paid or Charged</u>			
		Deferred Charges	44,000		
		Reserve for Uncollected Taxes	1,275,000		
		Due to Federal and State Grant Fund	120,598		
		Prior Year Prepaid Payroll	73,437		
		Reserve for Tax Appeals	157,463		
		Reserve for Encumbrances	36,932		
		Cash	14,337,553		
		\$	<u>16,044,983</u>		

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Animal License Fund:			
Cash	B-1	\$ 2,246	
Reserve for Animal License Expenditures	B-2		3,115
		<u>2,246</u>	<u>3,115</u>
Unemployment Compensation Trust Fund:			
Cash	B-1	34,201	30,945
Interfund Receivables:			
Current Fund	B-7		2,794
		<u>34,201</u>	<u>33,739</u>
Community Development Block Grant Trust Fund:			
Cash	B-1	11,254	11,211
Grants receivable	B-4	439,178	339,178
		<u>450,432</u>	<u>350,389</u>
Other Trust Funds:			
Cash	B-1	481,060	476,294
Interfund Receivables:			
Due from Current Fund	B-7	100	66,286
		<u>481,160</u>	<u>542,580</u>
		<u>\$ 968,039</u>	<u>929,823</u>

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2012 and 2011

<u>Liabilities and Reserves</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Animal License Fund:			
Cash	B-1		2,061
Reserve for Animal License Expenditures	B-2	1,500	
Due to State of New Jersey	B-3	18	
Due to Current Fund	B-7	728	1,054
		<u>2,246</u>	<u>3,115</u>
Unemployment Compensation Trust Fund:			
Reserve for Expenditures	B-10	34,201	33,739
Community Development Block Grant Trust Fund:			
Reserve for Grant Expenditures	B-5	350,018	250,018
Due to Current Fund	B-7	100,414	100,371
		<u>450,432</u>	<u>350,389</u>
Other Trust Funds:			
Due to State-Marriage Licenses	B-6	350	425
Due to State-Construction Fees	B-6	254	254
Interfunds Payable:			
Due to Current Fund - Escrow Trust	B-7	23	50
Reserve for:			
Other Trust Deposits	B-8	480,533	541,851
		<u>481,160</u>	<u>542,580</u>
		<u>\$ 968,039</u>	<u>929,823</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Cash:			
Checking	C-2,C-3	\$ 2,596,966	1,579,539
Expenditure without Appropriation		1,386	132,905
Grants Receivable:			
Community Development Block Grant	C-6	339,178	
State of New Jersey - Dept. of Transportation	C-7	100,000	85,000
State of New Jersey - Department of Environmental Protection, Green Acres Program	C-8	217,263	155,000
State of New Jersey - Educational Facilities Construction Financing	C-9	3,651,737	
Deferred charges to future taxation:			
Funded	C-4	2,530,924	3,030,744
Unfunded	C-5	21,368,496	2,048,330
Due from Federal and State Grant Fund	A	24,280	24,280
Due from Current Fund	C-11		3,596
		<u>\$ 30,830,230</u>	<u>7,059,394</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-10	2,252,000	2,722,000
Green Acres Loans Payable	C-16	278,924	308,744
Bond Anticipation notes	C-17	1,744,000	1,990,500
Capital Improvement Fund	C-11	1,372,350	1,390,684
Due to Current Fund	C-12	962	
Reserve for Payment of Notes	C-13	343,365	104,428
Reserve for Grants Receivable	C-14	4,090,915	
Improvement authorizations:			
Funded	C-15	968,334	
Unfunded	C-15	19,733,030	497,504
Fund Balance	C-1	46,350	45,534
		<u>\$ 30,830,230</u>	<u>7,059,394</u>

There were bonds and notes authorized but not issued at December 31, 2012 and December 31, 2011 of \$20,007,066 and \$440,400 respectively. See exhibit C-18.

See accompanying notes to financial statements.

TOWN OF GUTTENBERG
Schedule of Fund Balance
General Capital Fund
Year Ended December 31, 2012 and 2011

Balance - December 31, 2012	\$	45,534
Increased by :		
Premium received from Sale of Bond Anticipation Notes		<u>816</u>
Balance - December 31, 2012	\$	<u><u>46,350</u></u>

See Accompanying Notes to Financial Statements

TOWN OF GUTTENBERG

Comparative Balance Sheets-Regulatory Basis

Payroll Account

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash	\$ <u>132,399</u>	<u>117,798</u>
	<u>\$ 132,399</u>	<u>117,798</u>
<u>Liabilities</u>		
Due to Current Fund - Net Payroll	\$ 384	41,362
Due to Current Fund - Payroll Agency	75	28,681
Net Payroll Payable	118,455	
Withholdings Payable	<u>13,485</u>	<u>47,755</u>
	<u>\$ 132,399</u>	<u>117,798</u>

See accompanying notes to the financial statements.

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Exhibit G

TOWN OF GUTTENBERG

Statement of General Fixed Assets-Regulatory Basis

General Fixed Assets Account Group

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Land	\$ 1,357,400	1,357,400
Buildings	3,378,500	3,378,500
Vehicles and equipment	<u>1,707,093</u>	<u>1,692,377</u>
	<u>\$ 6,442,993</u>	<u>6,428,277</u>

See accompanying notes to financial statements.

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**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

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

A. Reporting Entity

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

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

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

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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.

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

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

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

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

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

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

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

Basis of Accounting

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Town. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on 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.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

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

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

Basis of Accounting, (continued)

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

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

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

General Capital Fund
Trust Fund

The governing body shall introduce and approve the annual budget not later than 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 2012, the Mayor and Council approved additional revenues and appropriations of \$83,939 in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were also approved by the governing body.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

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

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

Basis of Accounting, (continued)

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

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

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

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

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

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

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

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

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

Basis of Accounting, (continued)

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

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

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

Basis of Accounting, (continued)

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

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

Use of Estimates

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

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

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.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

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.

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.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2. PENSION PLANS, (continued)

Description of Systems: (continued)

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

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.

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.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2. PENSION PLANS, (continued)

Description of Systems: (continued)

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

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.

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.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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.

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, 2012	\$138,144	\$442,006
Year Ended December 31, 2011	129,461	508,501
Six Month Period Ended December 31, 2010	-0-	10,486

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.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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.

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.

The Town's contribution to the DCRP for the years ended December 31, 2012 and 2011, and for the six month period ended December 31, 2010 were \$77.00, \$-0- and \$-0-, respectively.

There were no employees eligible to be enrolled in the DCRP as of December 31, 2012.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 3. LONG-TERM DEBT

Long-term debt as of December 31, 2012 consisted of the following:

	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2012</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	<u>\$2,722,000</u>	<u>\$</u>	<u>\$470,000</u>	<u>\$2,252,000</u>	<u>\$505,000</u>
Total Bonds Payable	<u>2,722,000</u>	<u> </u>	<u>470,000</u>	<u>2,252,000</u>	<u>505,000</u>
Other Liabilities:					
Deferred PERS/PFRS Pension					
Contribution	238,623		10,349	228,274	11,744
Green Acres Loan Obligation Debt	<u>308,744</u>		<u>29,820</u>	<u>278,924</u>	<u>30,419</u>
Total Other Liabilities	<u>547,367</u>		<u>40,169</u>	<u>507,198</u>	<u>42,163</u>
	<u>\$3,269,367</u>	<u>\$</u>	<u>\$510,169</u>	<u>\$2,759,198</u>	<u>\$547,163</u>

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Issued-general-bonds, loans and notes	\$4,274,924	\$5,021,244	\$5,661,976
Authorized but not issued-general-bonds and	<u>20,007,066</u>	<u>440,400</u>	<u>30,000</u>
	24,281,990	5,461,644	5,691,976
Less funds on hand to pay debt and other	<u>1,180,935</u>	<u>1,006,998</u>	<u>575,000</u>
Net bonds and notes issued and authorized but issued	<u>\$23,101,055</u>	<u>\$4,454,646</u>	<u>\$5,116,976</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 2.432%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General debt	\$24,281,990	\$1,180,935	\$23,101,055
School debt	<u>719,000</u>	<u>719,000</u>	<u>-0-</u>
	<u>\$25,000,990</u>	<u>\$1,899,935</u>	<u>\$23,101,055</u>

Net debt of \$23,101,055 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$949,815,135 equals 2.432%.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 3. LONG-TERM DEBT, (continued)

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

3 ½% of equalized valuation basis (municipal)	\$33,243,530
Net Debt	<u>23,101,055</u>
Remaining borrowing power	<u>\$10,142,475</u>

The Town's long-term debt consisted of the following at December 31, 2012:

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	\$1,000,000
\$3,437,000 General serial bonds - 6.85% general serial bonds issued April 1, 1991, due through April 1, 2016	797,000
\$755,000 Pension Refunding Bonds - Term Bond - 5.83% issued April 1, 1991, sinking fund redemptions due through April 1, 2017	<u>455,000</u>
	<u>\$2,252,000</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>
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>\$2,514,784</u>	<u>\$2,252,000</u>	<u>\$262,784</u>

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

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

NOTE 3. LONG-TERM DEBT, (continued)

At December 31, 2012, the Town had authorized but not issued debt as follows:

General Capital Fund	<u>\$20,007,066</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>
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	35,846	32,939	2,907
2018-2021	<u>125,462</u>	<u>120,591</u>	<u>4,871</u>
	<u>\$304,693</u>	<u>\$278,924</u>	<u>\$25,769</u>

NOTE 5. BOND ANTICIPATION NOTES

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

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 5. BOND ANTICIPATION NOTES, (continued)

On December 31, 2012, the Town had \$1,744,000 outstanding General Capital Fund bond anticipation notes due on March 22, 2013 at an interest rate of 1.50%. The notes are expected to be 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>\$1,990,500</u>	<u>\$1,744,000</u>	<u>\$1,990,500</u>	<u>\$1,744,000</u>

NOTE 6. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance Dec. 31, 2012</u>	<u>2013 Budget Appropriation</u>	<u>Balance succeeding year's budget</u>
<u>Current Fund:</u>			
Special Emergency Authorization			
Revaluation of Real Property	\$132,000	\$44,000	\$88,000
<u>General Capital Fund:</u>			
Expenditures Without Appropriation	<u>1,386</u>	<u>1,386</u>	<u>-0-</u>
	<u>\$133,386</u>	<u>\$45,386</u>	<u>\$88,000</u>

NOTE 7. FUND BALANCE APPROPRIATED

There was \$1,300,000 of fund balance appropriated as anticipated revenue in the 2013 Current Fund budget.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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 \$87,990 as of December 31, 2012. 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, 2012, \$-0- of the Town's bank balance of \$8,712,640 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

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

Concentration of Credit Risk

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

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

NOTE 10. FIXED ASSETS

The following is a summary of charges in the general fixed assets account group as of December 31, 2012.

	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2012</u>
Land	\$1,357,400	\$		\$1,357,400
Building	3,378,500			3,378,500
Equipment	<u>1,692,377</u>	<u>271,118</u>	<u>\$256,402</u>	<u>1,707,093</u>
	<u>\$6,428,277</u>	<u>\$271,118</u>	<u>\$256,402</u>	<u>\$6,442,993</u>

NOTE 11. DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2012 consist of the following:

\$24,280	Due to the General Capital Fund from the Federal and State Grant Fund for prior year's grant monies not turned over.
962	Due to the Current Fund from the General Capital Fund for interest earnings not turned over.
384	Due to the Current Fund from the Net Payroll Account for interest earned.
100,414	Due to the Current Fund from the Community Development Trust Fund to reimburse expenditures paid and current year interest earnings.
100	Due to the Other Trust Fund from the Current Fund for deposits made in error.
475,945	Due to the Current Fund from the Federal and State Grant Fund for grant revenue collected less expenditures made and grant balance cancellations.
728	Due to the Current Fund from the Animal License Trust Fund for the current year statutory excess calculation.
75	Due to the Current Fund from the Payroll Agency Account for interest earned.
<u>23</u>	Due to the Current Fund from the Escrow Trust Fund for accumulated interest earnings due to the Town.
<u>\$602,911</u>	

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

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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, 2012, and the related information for the plan, are as follows:

January 1, 2011 - Net OPEB Obligation (Initial) (NOO)	\$16,577,085
Annual Required Costs (ARC)	1,321,491
Contribution from employer and other contributing entities	<u>(442,676)</u>
December 31, 2011 - Net OPEB Obligation (NOO)	<u>\$17,455,900</u>

The Town'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
2012	1,321,491	33.50	17,455,900

<u>Valuation Date</u>	<u>Actuarial Value of Assets OPEB Cost</u>	<u>Actuarial Liability - Projected Unit Credit</u>	<u>Unfunded Actuarial Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll*</u>	<u>Unfunded Actuarial Liability as a Percentage of Covered Payroll*</u>
(Dollars in Thousands)						
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
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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 2012 Fiscal Year Normal Cost is \$442,676 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, 2012. 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
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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 \$87,990 as of December 31, 2012. 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 2012, 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
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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, 2012, the town budgeted \$2,698,494 and contributed \$2,506,507.

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>2012</u>	Balance December 31, <u>2011</u>
Prepaid Taxes	<u>\$140,704</u>	<u>\$177,058</u>
Cash Liability for Taxes Collected in Advance	<u>\$140,704</u>	<u>\$177,058</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, 2012, 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
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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 Drasheff	Mayor		
Alfonso Caso	Councilman		
Donna Florio	Councilwoman		
Monica Fundora	Councilwoman		
John D. Habermann	Councilman		
Efrain Velez	Councilman		
Charles P. Daglian	Town Attorney		
Michael Caliguiro	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)
Gerard Pontrelli	Tax Assessor		
Ann Setliff	Deputy Tax Collector	1,000,000	(A)
Frank Leanza	Magistrate	1,000,000	(A)
Alida Buczynski	Court Administrator	1,000,000	(A)
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

	Year Ended <u>Dec. 31,</u> <u>2012</u>	Year Ended <u>Dec. 31,</u> <u>2011</u>	Six Month Period Ended <u>Dec. 31,</u> <u>2010</u>
Tax rate	3.448	3.279 *	6.152
Apportionment of tax rate:			
Local school	1.289	1.233	2.307
County	0.606	0.522	1.142
Municipal	1.553	1.524	2.703

* - Revaluation

Assessed valuation:

Year ended Dec. 31, 2012	\$	801,044,532
Year ended Dec. 31, 2011		802,095,918
Six Month Period Ended Dec. 31, 2010		401,914,600

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
Year ended Dec. 31, 2012	\$ 27,672,741	26,294,025	95.02%
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%

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, 2012	5,258	1,326,992	1,332,250	4.81%
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%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2012 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, 2012	\$ None
Year ended Dec. 31, 2011	None
Six Month Period Ended Dec. 31, 2010	None

Comparative Schedule of Fund Balances

<u>Year</u>	<u>Year ended</u>	<u>Utilized in budget of succeeding year</u>
Current Fund:	Dec. 31, 2012 \$	2,684,892
	Dec. 31, 2011	1,300,000
	Dec. 31, 2010	1,250,000
	June 30, 2010	1,200,000
	June 30, 2009	1,209,298
		353,146
		820,000

TOWN OF GUTTENBERG

Schedule of Expenditures of Federal Awards

Year ended December 31, 2012 and 2011

Federal grantor	CFDA number	Grant period	Award Amount	Balance at Dec. 31, 2011	Cash Received	Expenditures	Cancelled	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2012	(MEMO) Cumulative Expenditures
Current Fund:									
Department of Agriculture									
Summer Food Program	10.559	2012	22,866 \$		20,995	12,420		8,575 A	12,420
Summer Food Program	10.559	2011	20,510	289			(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	11,648			(11,648)		3,561
				27,258	20,995	12,420	(27,258)	8,575	*
<i>Total Current Fund</i>				27,258	20,995	12,420	(27,258)	8,575	*
Community Development Block Grant Trust Fund:									
Department of Housing and Urban Development (passed through County of Hudson):									
Community Development Block Grant: Construction of Building & Imps. To the Anna L. Klein School for Community, Recreational and Educational Purposes - Ord. 2-2012	14.219	2010-11	100,000						*
3-03E1-10 Community Center	14.219	2009-10	139,178						*
3-03K1-11 Polk Street & 68th St. Upgrades	14.219	2011-12	100,000	(100,000)				(100,000)	100,000
<i>Total Trust Funds</i>				(100,000)				(100,000)	*
General Capital Fund:									
Community Development Block Grant Trust Fund: Department of Housing and Urban Development (passed through County of Hudson):									
Highway Planning and Construction (passed through State Department of Transportation)									
3-03L1-12 Imps. to 68th Street, Section 4, Ord. 17-2012	14.219	2012-13	100,000			8,349		(8,349)	8,349
<i>Total General Capital Fund</i>						8,349		(8,349)	*
Total Federal Financial Assistance									
				(117,905)	85,000	175,444		(208,349)	*
				\$ (190,647)	105,995	187,864	(27,258)	(299,774)	*

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

TOWN OF GUTTENBERG

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2012 and 2011

State grantor	Program	Grant number	Grant period	Award Amount	Balance Dec. 31, 2011	Cash Received	Budgetary Expenditures	Cancelled/ Adjustment	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2012	(MEMO) Cumulative Expenditures
Federal and State Grant Fund: Department of Commerce & Economic Development	Urban Enterprise Zone Assistance Fund - Administration	020-2830-763-035	2011	\$ 24,038	24,038		24,005	(4,904)	33 B	24,005
	Urban Enterprise Zone Assistance Fund - Administration	020-2830-763-035	2009-10	4,904	4,904			(5,515)		
	Urban Enterprise Zone Assistance Fund - Administration	020-2830-763-035	2008-09	5,515	5,515					
	Urban Enterprise Zone Assistance Fund - JFK Boulevard, Cars, Administration	020-2830-763-035	2005-06	71,968	7,341		24,005	(7,341)		50,128
Department of Community Affairs	Emergency Management	066-1200-100-726	2008-09	5,000	534				534	4,466
	Homeland Security - Police Raddes		2007-08	15,000	(15,000)		15,000			15,000
	Safe Kids Program		2001-02	10,000	(10,000)		10,000			10,000
					(24,466)			25,000		534
Department of Environmental Protection	Recycling Tonnage Grant	042-4900-752-001	2012	14,599	14,599	14,599	1,762	20	14,619	1,762
	Recycling Tonnage Grant	042-4900-752-001	2011	14,554	14,554		1,762	(19)	12,773	2,855
	Recycling Tonnage Grant	042-4900-752-001	2009-10	5,280	2,855	12,442	2,855		12,442	8,501
	Clean Communities Program	042-4900-765-004	2012	12,442	12,628		8,501		4,127	(3,159)
	Clean Communities Program	042-4900-765-004	2011	12,628	61		61		(640)	7,530
	Clean Communities Program	042-4900-765-004	2009-10	13,159						
	Clean Communities Program	042-4900-765-004	2005-06	7,530	(640)	27,041	13,179	1	43,321	
					29,438					
Department of Law and Public Safety	Body Armor Grant	066-1020-718-001	2012	8,376	8,376	2,425	5,763		2,425	5,763
	Body Armor Grant	066-1020-718-001	2012	2,374	2,374	8,376	1,546		828	1,546
	Body Armor Grant	066-1020-718-001	2011	1,945	509				509	1,436
	Highway Safety		2006-07	3,784	3,784				3,784	
	Over the Limit Under Arrest	066-1160-100-057	2009-10	2,704	2,704					
	Obey the Signs	066-1160-100-036	2009-10	2,704				(2,704)		
	DMV Fines		2011	1,100	1,100				1,100	
	DMV Fines		2010	700	700				700	
	DMV Fines		2008-09	879	879		13		866	13
	DMV Fines		2009-10	4,000	4,000				4,000	
Department of Law and Public Safety	Combating Underage Drinking	066-1400-100-014	2012	3,866	3,866				3,866	
	Drunk Driving Enforcement Fund	1110-448-031020-22	2010	3,033	3,033					
	Drunk Driving Enforcement Fund	1110-448-031020-22	2010	2,703	1,545					
	Drunk Driving Enforcement Fund	1110-448-031020-22	2008-09	3,478	1,932		(720)		2,265	1,138
	Drunk Driving Enforcement Fund	1110-448-031020-22	2007-08	900	58				1,932	1,546
	Drunk Driving Enforcement Fund		2008-09	12,866	1,000			(1,000)	58	
	Domestic Violence	100-006-1020-246-FY04	2003-04	12,866	27,484	10,801	6,602	(6,737)	24,946	
	County of Hudson (1)	Municipal Alliance Grant Fund	100-082-2000-044	2012	12,491	11,447	11,447	8,151		3,296 A
			Match	3,123	3,123	3,123			3,123	
			Match	12,491	(4,607)			4,607		5,353
			3,123	3,123						
				(1,484)	14,570	8,151	1,484		6,419	

(continued next page)

TOWN OF GUTTENBERG

Schedule of Cash - Collector/Treasurer

Current Fund

Year Ended December 31, 2012

	Regular Fund	Federal and State Grant Fund
Balance - December 31, 2011	\$ 4,656,090	579,150
Increased by receipts:		
Revenue accounts receivable	2,323,799	
Miscellaneous revenues not anticipated	403,346	
Taxes receivable	27,517,597	
Senior citizens and veterans deductions	25,755	
Prepaid Taxes	140,704	
Interfunds	45,393	
Tax Overpayments	101,635	
Various Reserves	413,432	
Grants Receivable		69,478
Prior Year voided checks		500
Cash receipts due to Current Fund		1,587
Unappropriated reserves		6,291
	<u>30,971,661</u>	<u>77,856</u>
	<u>35,627,751</u>	<u>657,006</u>
Decreased by disbursements:		
2012 budget appropriations	14,337,553	
2011 appropriation reserves	365,282	
Tax overpayment refunds	26,961	
Local district school tax	10,171,259	
County taxes	4,852,522	
Interfunds	72,866	
Various Reserves	908,186	
Refund of Prior Year Revenue	139,477	
2013 Payroll Advanced	158,501	
Appropriated Reserves		64,357
	<u>31,032,607</u>	<u>64,357</u>
Balance, December 31, 2012	<u>\$ 4,595,144</u>	<u>592,649</u>

TOWN OF GUTTENBERG

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2012

Year	Balance, Dec. 31, 2012	2012 Levy	Added 2012 Levy	2011	Collected 2012	Senior & Veteran's Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2012
TY2010	\$ 7,974				1,036				6,938
2011	1,422,733		76,924		1,465,122				34,535
	<u>1,430,707</u>		<u>76,924</u>		<u>1,466,158</u>				<u>41,473</u>
2012		27,620,015	52,726	177,058	26,089,575	27,392	414	92,783	1,285,519
	<u>\$ 1,430,707</u>	<u>27,620,015</u>	<u>129,650</u>	<u>177,058</u>	<u>27,555,733</u>	<u>27,392</u>	<u>414</u>	<u>92,783</u>	<u>1,326,992</u>

Overpayments Applied	38,136
Cash Receipts	27,517,597
	<u>\$ 27,555,733</u>

Analysis of 2012 Tax Levy

Tax yield:

General property tax	\$ 27,620,015
Added tax (R.S. 54:4-63.1 et seq.)	<u>52,726</u>
	<u>\$ 27,672,741</u>

Tax levy:

Local district school tax (abstract)	\$ 10,327,973
County tax (abstract)	4,850,886
Added taxes (R.S. 54:4-63.1 et seq.)	9,262
Local tax for municipal purpose (abstract)	12,440,535
Additional tax levies/(Deductions)	<u>44,085</u>
	<u>\$ 27,672,741</u>

TOWN OF GUTTENBERG
Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Accrued in <u>2012</u>	<u>Collected</u>	Balance, Dec. 31, <u>2012</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	33,777	33,777	
Other		151,009	151,009	
Fees and permits		184,578	184,578	
Construction Code Official-fees and permits		143,849	3,127	140,722
Municipal Court fines and costs	45,585	625,487	630,287	40,785
Parking meters		97,830	97,830	
Interest and cost on taxes		283,837	283,837	
Interest on investments		31,332	31,332	
Consolidated Municipal Property Tax Relief		226,768	226,768	
Energy Receipts Tax		532,007	532,007	
PILOT Housing Authority		47,235	47,235	
Cablevision		82,814	82,814	
Verizon		24,620	24,620	
	\$ 45,585	2,465,143	2,329,221	181,507
			Interest on Investments 5,422	
			Cash 2,323,799	
			\$ 2,329,221	

TOWN OF GUTTENBERG

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

Current Fund

Year Ended December 31, 2012

<u>Purpose</u>	<u>Date</u>	<u>Amount Authorized</u>	<u>Not Less Than 1/5 of Amount Authorized</u>	<u>Balance, Dec. 31, 2011</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2012</u>
Revaluation of Real Property	Aug. 26, 2010	220,000	44,000	176,000	44,000	132,000
				\$ 176,000	44,000	132,000

TOWN OF GUTTENBERG

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

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011		\$	20,019
Increased by:			
Senior citizens' and veterans' deductions per tax billings	25,750		
Deductions allowed by tax collector	<u>1,643</u>		
			<u>27,393</u>
			47,412
Decreased by:			
Cash received			<u>25,755</u>
Balance - December 31, 2012		\$	<u><u>21,657</u></u>

Schedule of Local District School Taxes Payable

Current Fund

Year Ended December 31, 2012

Increased by:			
2012 Levy		\$	10,327,973
Decreased by:			
Cash Disbursed			<u>10,171,259</u>
Balance - December 31, 2012		\$	<u><u>156,714</u></u>

Exhibit A-10

TOWN OF GUTTENBERG
Schedule of County Taxes Payable
Current Fund
Year Ended December 31, 2012

Increased by:		
County Tax Levy	\$	4,850,886
Decreased by:		
Cash Disbursed		<u>4,850,867</u>
Balance - December 31, 2012	\$	<u><u>19</u></u>

Exhibit A-11

**Schedule of Due County for Added
and Omitted Taxes**
Current Fund
Year Ended December 31, 2012

Balance - December 31, 2011	\$	1,655
Increased by:		
2012 Added Levy		<u>9,262</u>
		10,917
Decreased by:		
Cash Disbursed		<u>1,655</u>
Balance - December 31, 2012	\$	<u><u>9,262</u></u>

TOWN OF GUTTENBERG, N.J.

Schedule of 2011 Appropriation Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 60	60		60
Elections	1,180	1,180		1,180
Financial Administration	4,037	4,037		4,037
Assessment of Taxes	52	52		52
Municipal Court	8,166	8,166		8,166
Collection of Taxes	22,109	22,109		22,109
Legal Services	11,212	11,212		11,212
Planning Board	675	675		675
Police	235,204	235,204	176,437	58,767
Fire Inspector	45	45		45
Street Cleaning	114,647	114,647		114,647
Recreation	16	16		16
Senior Citizens Nutrition Program	1,569	1,569		1,569
Senior Citizens Transportation	9	9		9
Urban Enterprise Zone	1,165	1,165		1,165
Uniform Construction Code	2,441	2,441		2,441
License Inspector	352	352		352
Salary and Wage Adjustment	25,600	25,600		25,600
Total Salaries and Wages Within "CAPS"	<u>428,539</u>	<u>428,539</u>	<u>176,437</u>	<u>252,102</u>
Other Expenses Within "CAPS":				
Administrative and Executive	1,421	5,877	4,273	1,604
Elections	1,674	1,674		1,674
Financial Administration	28,418	30,092	27,266	2,826
Collection of Taxes	5,638	5,858	220	5,638
Assessment of Taxes	1,973	1,973		1,973
Municipal Court	8,780	8,780	97	8,683
Legal Services	7,857	25,167	24,895	272
Public Buildings and Grounds	45,674	34,148	13,717	20,431
Engineering	2,334	9,334	9,317	17
Planning Board	4,023	4,023		4,023
Group Insurance for Employees	122,536	122,536	19,224	103,312
Insurance - Other	1,468	1,468		1,468
Police	3,713	9,092	6,237	2,855
Emergency Management	88	88		88
Weehawken Volunteer Ambulance	12,590	12,590	10,465	2,125
Fire Inspector	529	671	142	529
Street Cleaning	552	1,421	429	992
Recycling	8,708	8,708	1,209	7,499
Solid Waste & Garbage Removal	80,926	80,926	37,967	42,959
Snow Removal	1	3,093	3,092	1
Public Health Services	21	21		21
Recreation	21,162	21,487	7,580	13,907

TOWN OF GUTTENBERG, N.J.
 Schedule of 2011 Appropriation Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, 2011	Balance after Transfers	Paid or Charged	Balance Lapsed
Celebration of Public Events	187	237	50	187
Senior Citizens Nutrition Program	5,923	5,923		5,923
Senior Citizens Transportation	738	783	45	738
Senior Recreation Program	4,840	4,840		4,840
Urban Enterprise Zone	1,429	1,429		1,429
Uniform Construction Code	1,745	1,935	1,540	395
License Inspector	623	623		623
Electricity	8	8		8
Street Lighting	11,354	11,354		11,354
Telephone	7,572	8,689	1,455	7,234
Water	7,173	7,173		7,173
Fire Hydrant Service	12,853	12,853	12,010	843
Sewerage	4,762	4,762		4,762
Gasoline	1,515	1,515		1,515
Postage - All Departments	12,025	12,548	523	12,025
Technology	1,368	1,368		1,368
Contingent	6,125	6,125		6,125
Total Other expenses Within "CAPS"	440,326	471,192	181,753	289,439
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security (O.A.S.I.)	25,425	25,425	7,092	18,333
Consolidated Police & Firemen's Fund	11	11		11
Total Deferred Charges and Statutory Expenditures Within "CAPS"	25,436	25,436	7,092	18,344
Other Expenses Excluded From "CAPS":				
911 - Other Expenses	26,520	26,520		26,520
Stormwater Management	32,150	32,150		32,150
Health Insurance CAP Exception	29,282	29,282		29,282
North Hudson Regional Communication:	6,600	6,600		6,600
North Hudson Regional Fire and Rescue	141,785	141,785		141,785
Maintenance of Free Public Library	17,330	17,330		17,330
Total Other Expenses Excluded from "CAPS"	253,667	253,667		253,667
Total Reserves Excluded from "CAPS"	253,667	253,667		253,667
Total Reserves	\$ 1,147,968	1,178,834	365,282	813,552
Appropriation reserves		1,147,968		
Encumbrances		30,866		
		<u>\$ 1,178,834</u>		
		Cash Disbursements	<u>365,282</u>	

TOWN OF GUTTENBERG
Schedule of Reserve for Encumbrances
Current Fund
Year Ended December 31, 2012

Balance - December 31, 2011	\$	30,866
Increased by:		
2012 encumbrances		36,932
		67,798
Decreased by:		
Transferred to appropriation reserves		30,866
Balance - December 31, 2012	\$	36,932

Schedule of Tax Overpayments
Current Fund
Year Ended December 31, 2012

Balance - December 31, 2011	\$	46,629
Increased by:		
Cash Receipts		101,635
		148,264
Decreased by:		
Cash Disbursements	\$	26,961
Cancelled to Operations		5,118
Overpayments Applied		38,136
		70,215
Balance - December 31, 2012	\$	78,049

Exhibit A-15

TOWN OF GUTTENBERG

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$	177,058
Increased by:		
2012 prepaid taxes collected		<u>140,704</u>
		317,762
Decreased by:		
Taxes realized as revenue		<u>177,058</u>
Balance - December 31, 2012	\$	<u><u>140,704</u></u>

Exhibit A-16

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

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$	<u>6,764</u>
Balance - December 31, 2012	\$	<u><u>6,764</u></u>

TOWN OF GUTTENBERG

Schedule of Interfunds Due from/(to) Other Funds

Current Fund

Year Ended December 31, 2012

	Balance Dec. 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2012</u>
Trust Funds:				
Animal License Trust Fund	\$	728		728
CDBG Trust Fund	100,371	43		100,414
Other Trust Fund	(66,286)	68,166	1,980	(100)
Escrow Trust Fund	50	23	50	23
Unemployment Trust Fund	(2,794)	2,794		
General Capital Fund	(3,596)	10,575	6,017	962
Net Payroll Account		384		384
Payroll Agency Account	41,362	75	41,362	75
	<u>\$ 69,107</u>	<u>82,788</u>	<u>49,409</u>	<u>102,486</u>
Interfunds Returned - Cash Receipts	\$		41,769	
Cash Receipts			3,624	
Deposit errors		669	881	
Cash Disbursement		72,866		
Statutory Excess Calculation		728		
Interest Earned		8,525	3,135	
		<u>\$ 82,788</u>	<u>49,409</u>	

TOWN OF GUTTENBERG

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

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011		\$	433,110
Increased by:			
Cash Receipts	\$	1,587	
Prior year voided Checks		500	
Cancellation of Appropriated Grant Reserves		<u>100,695</u>	
			<u>102,782</u>
			535,892
Decreased by:			
Grants Receivable Cancelled		56,824	
Matching Budget Appropriations		<u>3,123</u>	
			<u>59,947</u>
Balance - December 31, 2012		\$	<u><u>475,945</u></u>

TOWN OF GUTTENBERG

Schedule of Various Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2012</u>
Reserve for:				
Pension Deferral	\$ 228,137			228,137
Revaluation	17,130			17,130
Library Contribution - North Bergen	20,554			20,554
State Library Aid	4,476			4,476
Tax Appeals	228,207	157,463	169,217	216,453
Police Retroactive Pay	419,959		329,576	90,383
Outside Liens	20,839	413,432	409,393	24,878
	<u>\$ 939,302</u>	<u>570,895</u>	<u>908,186</u>	<u>602,011</u>
		Cash Receipts 413,432		
		Cash Disbursements	908,186	
		Transfer from 2012 Budget Appropriations	157,463	
		<u>\$ 570,895</u>	<u>908,186</u>	

Exhibit A-20

TOWN OF GUTTENBERG

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$	4,844
Increased by:		
Transferred from taxes receivable		<u>414</u>
Balance - December 31, 2012	\$	<u><u>5,258</u></u>

TOWN OF GUTTENBERG
Schedule of Grants Receivable
Federal and State Grant Fund
Year Ended December 31, 2012

<u>Purpose</u>	Balance, Dec. 31, 2011	2012 Budget Revenue <u>Realized</u>	<u>Received</u>	<u>Cancelled</u>	Balance, Dec. 31, 2012
Clean Communities	\$ 640				640
Urban Enterprise Zone - UEZ (Cars)	9,152			(9,152)	
Urban Enterprise Zone - 2006	5,347			(5,347)	
Urban Enterprise Zone - 2008 - Police Vehicle	3,106			(3,106)	
Safe Kids Program	10,000			(10,000)	
Homeland Security grant - Police Radios	15,000			(15,000)	
Drunk Driving Enforcement Fund	3,033				3,033
Municipal Alliance - 2011	11,745			(11,745)	
UEZ - 2011 Administration	2,474			(2,474)	
Community Forestry Grant	3,000				3,000
Summer Food Program		23,155	21,284		1,871
Clean Communities		25,070	25,070		
Body Armor Grant		9,922	9,922		
Alcohol Education and Rehabilitation		2,590	2,590		
Recycling Tonnage Grant		14,619	14,619		
DMV Fines		1,100	1,100		
Municipal Alliance - 2012		12,491	11,447		1,044
Urban Enterprise Zone - Remaining Balance		28,528	24,038		4,490
	<u>\$ 63,497</u>	<u>117,475</u>	<u>110,070</u>	<u>(56,824)</u>	<u>14,078</u>
			Cash receipts \$ 69,478		
			Unappropriated Reserves <u>40,592</u>		
			<u>\$ 110,070</u>		

TOWN OF GUTTENBERG
Schedule of Appropriated Grant Reserves
Federal and State Grant Fund
Year Ended December 31, 2012

Purpose	Balance, Dec. 31, 2011	Budget Appropriations	Expended	Cancelled	Balance, Dec. 31, 2012
Alcohol Education and Rehabilitation Fund	\$ 587				587
Alcohol Education and Rehabilitation Fund	884				884
Urban Enterprise Zone - Police Vehicle	3,106			(3,106)	
Highway Safety Grant	509				509
Alcohol Education and Rehabilitation Fund	681				681
Urban Enterprise Zone	7,152			(7,152)	
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
Drunk Driving Enforcement Fund	1,932				1,932
Drunk Driving Enforcement Fund	1,545		(720)		2,265
DMV Fines	879		13		866
Driving While Intoxicated	58				58
Alcohol Education Rehabilitation grant	341				341
Alcohol Education Rehabilitation grant	1,552				1,552
Summer Food Program	26,969			(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	7,138			(7,138)	
Municipal Alliance - Match	3,123			(3,123)	
DMV Fines	700				700
UEZ - 2011 Administration	2,474			(2,474)	
Clean Communities Grant	61		61		
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
Recycling Tonnage Grant	2,855		2,855		
Community Forestry Grant	3,000				3,000
Combating Underage Drinking	4,000				4,000
Recycling Tonnage Grant	14,535		1,762		12,773
Recycling Tonnage Grant		14,619			14,619
Municipal Alliance - 2012		12,491	8,151		4,340
Municipal Alliance - Match		3,123			3,123
Summer Food Program		23,155	12,420	(289)	10,446
DMV Fines		1,100			1,100
Clean Communities Grant		25,070	8,501		16,569
Urban Enterprise Zone - Remaining Funds		28,528	24,005		4,523
Body Armor Grant		9,922	7,309		2,613
Alcohol Education and Rehabilitation		2,590			2,590
	<u>\$ 143,837</u>	<u>120,598</u>	<u>64,357</u>	<u>(100,695)</u>	<u>99,383</u>
		Adopted Budget 33,536			
		Matching Appropriations 3,123			
		Added by N.J.S.A. 40A:4-87 83,939			
		<u>\$ 120,598</u>			
		Cash Disbursements	<u>64,357</u>		

TOWN OF GUTTENBERG
Schedule of Unappropriated Grant Reserves
Federal and State Grant Fund
Year Ended December 31, 2012

<u>Purpose</u>	Balance, Dec. 31, <u>2011</u>	<u>Received</u>	Appropriated in 2012 <u>Budget</u>	Balance, Dec. 31, <u>2012</u>
Alcohol Education Rehabilitation Fund	\$ 971		971	
Body Armor Replacement Fund	2,374	2,425	1,546	3,253
DMV Fines	1,100		1,100	
Clean Communities	12,628		12,628	
Recycling Tonnage Grants	20		20	
Drunk Driving Enforcement Fund		3,866		3,866
Urban Enterprise Zone - Balance of Funds	24,038		24,038	
Summer Food	289		289	
	<u>\$ 41,420</u>	<u>6,291</u>	<u>40,592</u>	<u>7,119</u>
		Cash Receipts <u>6,291</u>		
		\$ <u>6,291</u>		

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TOWN OF GUTTENBERG

Schedule of Cash - Treasurer

Trust Funds

Year Ended December 31, 2012

	Animal License Fund	Unemployment Compensation Fund	Community Development Block Grant	Other Trust Funds
Balance - December 31, 2011	\$ <u>(2,061)</u>	<u>30,945</u>	<u>11,211</u>	<u>476,294</u>
Increased by:				
Interfunds		2,794	43	68,189
Employee payroll deductions		7,519		
Budget Appropriation	3,138	15,000		
Dog License Fees	2,434			
State Fees	281			
Due from Marriage License Clerk				1,425
Interest earned on investments	6	151		
Miscellaneous Reserves				315,582
	<u>5,859</u>	<u>25,464</u>	<u>43</u>	<u>385,196</u>
	<u>3,798</u>	<u>56,409</u>	<u>11,254</u>	<u>861,490</u>
Decreased by:				
State Fees	1,317			1,725
Interfunds				1,805
Animal license expenditures	235			
Unemployment Claims payable		22,208		
Miscellaneous Reserves				376,900
	<u>1,552</u>	<u>22,208</u>		<u>380,430</u>
Balance - December 31, 2012	\$ <u><u>2,246</u></u>	<u><u>34,201</u></u>	<u><u>11,254</u></u>	<u><u>481,060</u></u>

TOWN OF GUTTENBERG
Schedule of Reserve for Expenditures
Animal License Fund
Year Ended December 31, 2012

Balance - December 31, 2011 - (Deficit)	\$	(3,115)
Increased by:		
Deficit raised in 2012 budget	\$	3,138
Dog license fees		2,384
Miscellaneous fees		50
Interest earnings		6
		5,578
		2,463
Decreased by:		
Statutory Excess	\$	728
Reserve Expenditures		235
		963
Balance - December 31, 2012	\$	1,500

Dog License Fees Collected

TY2010	263
2011	1,237
	1,500
	\$ 1,500

TOWN OF GUTTENBERG

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

Animal License Trust Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$	1,054
Increased by:		
2012 Fees Collected		<u>281</u>
		1,335
Decreased by:		
Paid to State Treasurer		<u>1,317</u>
Balance - December 31, 2012	\$	<u><u>18</u></u>

TOWN OF GUTTENBERG

**Schedule of Community Development Block
Grants Receivable**

Community Development Block Grant Trust Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$ 339,178
Increased by:	
Grant Awarded	<u>100,000</u>
Balance - December 31, 2012	<u><u>\$ 439,178</u></u>

Analysis of Balance

Community Center - 3-03E1-09	139,178
Community Center - 3-03E1-10	100,000
Polk Street & 68th St. Upgrades - 3-03K1-11	100,000
Madison Street Sidewalk Upgrades - 3-03L1-12	<u>100,000</u>
	<u><u>\$ 439,178</u></u>

TOWN OF GUTTENBERG

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

Community Development Block Grant Trust Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$ 250,018
Increased by:	
Grant Awarded	<u>100,000</u>
Balance - December 31, 2012	<u>\$ 350,018</u>

TOWN OF GUTTENBERG

Schedule of Amount Due to State of New Jersey

Other Trust Funds

Year Ended December 31, 2012

Balance - December 31, 2011		\$	679
Increased by:			
Due from Current Fund	\$	225	
Cash Receipts		<u>1,425</u>	
			<u>1,650</u>
			2,329
Decreased by:			
Cash Disbursements			<u>1,725</u>
Balance - December 31, 2012		\$	<u><u>604</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 2012	250
DCA Fees	<u>254</u>
	\$ <u><u>604</u></u>

TOWN OF GUTTENBERG

Schedule of Interfunds

Trust Funds

Year Ended December 31, 2012

	Balance Due from/(to) Dec. 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance, from/(to) Dec. 31, <u>2012</u>
Animal License Fund:				
Other Trust Fund	\$	728		(728)
Community Development Block Grant Fund:				
Current Fund	(100,371)	43		(100,414)
Unemployment Trust Fund:				
Current Fund	2,794	2,794		
Other Trust Fund:				
Escrow Trust - Current Fund	(50)	23	50	(23)
Current Fund	<u>66,286</u>	<u>68,166</u>	<u>1,980</u>	<u>100</u>
	<u>\$ (31,341)</u>	<u>71,754</u>	<u>2,030</u>	<u>(101,065)</u>
		Cash Receipts \$ 69,749		
		Cash Disbursements	1,805	
		Marriage License Fees deposited Current in error	225	
		Interest on Investments	1,277	
		Statutory Excess	<u>728</u>	
		<u>\$ 71,754</u>	<u>2,030</u>	

TOWN OF GUTTENBERG

Schedule of Miscellaneous Reserves

Other Trust Funds

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2012</u>
Reserve for:				
Accumulated Leave	\$ 114,000		26,663	87,337
Snow Removal	20,000	35,000		55,000
P.O.A.A.	20,811	11,110	22,306	9,615
Law Enforcement Trust	1,070	4		1,074
Recreation Trust	1,466	14,533	15,243	756
Performance Bond - Bulls Ferry		85,000	85,000	
Annual Celebrations	90	2,610		2,700
Safe Kids Day	3,580		3,580	
Fire Prevention	17,562	3,781	7,730	13,613
Builders Escrow Deposits	111,350	8,802	103,736	16,416
Police Special Detail	11,428	54,380	47,005	18,803
Public Defender	32,753	6,616	9,780	29,589
Accessed Forfeiture	12,466	65,371	9,502	68,335
Senior Citizens	1,875	2,275	2,055	2,095
Tax Sale Premiums	193,400	26,100	44,300	175,200
	<u>\$ 541,851</u>	<u>315,582</u>	<u>376,900</u>	<u>480,533</u>
		Cash Receipts 315,582		
		Cash Disbursements	279,253	
		Cancelled - Disbursed to Current Fund	<u>97,647</u>	
		<u>\$ 315,582</u>	<u>376,900</u>	

TOWN OF GUTTENBERG

**Schedule of Reserve for Unemployment
Compensation Insurance**

Unemployment Insurance Compensation Trust

Year Ended December 31, 2012

Balance - December 31, 2011		\$	33,739
Increased by:			
Employee payroll deductions	\$	7,519	
Interest earnings		151	
Budget Appropriation		<u>15,000</u>	
			<u>22,670</u>
			56,409
Decreased by:			
Payment of Unemployment Insurance claims			<u>22,208</u>
Balance - December 31, 2012		\$	<u><u>34,201</u></u>

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TOWN OF GUTTENBERG

Schedule of Cash - Treasurer

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011		\$	1,579,539
Increased by receipts:			
Deferred Charge raised in 2012 Budget	\$	132,905	
Due to/(from) Current Fund		10,575	
Grant Receipts		190,524	
Reserve for Payment of Notes		238,937	
Premium on Sale of Notes		816	
Budget Appropriation - Paydown on Notes		246,500	
Bond Anticipation Notes		1,744,000	
Capital Improvement Fund		1,000,000	
			<u>3,564,257</u>
			5,143,796
Decreased by disbursements:			
Due to/(from) Current Fund		6,017	
Bond Anticipation Notes		1,990,500	
Expenditures without Appropriation		1,386	
Improvement Authorizations		548,927	
			<u>2,546,830</u>
Balance - December 31, 2012		\$	<u><u>2,596,966</u></u>

TOWN OF GUTTENBERG
Schedule of General Capital Fund Cash
General Capital Fund
Year Ended December 31, 2012

Capital Improvement Fund	\$	1,372,350
Expenditures without Appropriation		(1,386)
Due From Federal and State Grant Fund		(24,280)
Reserve for Payment of Notes		343,365
Grant Receivable		(4,469,000)
Reserve for Grants Receivable		4,251,737
Reserve for Debt Service - Cash on Hand		382,570
Due to Current Fund		962
Fund Balance		46,350

Improvement description

6-2008	Improvements to Waterfront Park	52,518
03-2010	Improvements to 71st Street	(25,209)
08-2011	Various Capital Improvements	(210,263)
2-2012	Construction of Building and Imps. To the Anna L. Klein School for Community, Recreational and Educational Purposes	968,334
17-2012	Improvements to 68th Street, Sec. 4	(91,082)
		\$ 2,596,966

TOWN OF GUTTENBERG

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

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011		\$	3,030,744
Decreased by:			
Budget appropriations:			
Green Acres Loan	\$	29,820	
Municipal Bonds		<u>470,000</u>	
			<u>499,820</u>
Balance - December 31, 2012		\$	<u><u>2,530,924</u></u>

TOWN OF GUTTENBERG

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2012

Ordinance number	Improvement description	Balance, Dec. 31, 2011	2012 Authorizations	Decreased by:	Balance, Dec. 31, 2012	Analysis of Balance - December 31, 2012		
						Funded by Bond Anticipation Notes	Expenditures	Unexpended improvement authorization
02-2005	Various Capital Improvements	\$ 391,712		17,000	374,712	374,712		
18-2006	Various Capital Improvements	330,054		19,500	310,554	310,554		
5-2008	Various Capital Improvements	324,514		8,000	316,514	316,514		
6-2008	Improvements to Waterfront Park	295,000		10,500	284,500	284,500		
13-2008	Refunding of Tax Appeals	259,251		190,000	69,251	69,251		
14-2008	Improvements to 71st Street	7,399		1,500	5,899	5,899		
03-2010	Improvements to 71st Street, Sec. 4	30,000			30,000		25,209	4,791
08-2011	Various Capital Improvements	410,400			410,400		210,263	200,137
2-2012	Construction of Building and Improvements to the Anna L. Klein School for Community, Recreational and Educational purposes		19,366,666		19,366,666			19,366,666
17-2012	Improvements to 68th Street, Section 4		200,000		200,000		91,082	108,918
18-2012	Improvements to Waterfront Park		105,524	105,524				
		<u>\$ 2,048,330</u>	<u>19,672,190</u>	<u>352,024</u>	<u>21,368,496</u>	<u>1,361,430</u>	<u>326,554</u>	<u>19,680,512</u>

Budget Appropriation	246,500
Grant Proceeds received	105,524
	<u>\$ 352,024</u>
Improvement Authorizations - Unfunded \$	19,733,030
Less: Unexpended note proceeds	
Ord. 6-2008	52,518
	<u>\$ 19,680,512</u>

TOWN OF GUTTENBERG
Schedule of Grants Receivable
Community Development Block Grant
General Capital Fund
Year Ended December 31, 2012

Increased by:		
Grant Awards	\$	339,178

Balance - December 31, 2012	\$	339,178
-----------------------------	----	---------

<u>Analysis of Balance</u>		
Ord. 2-2012	239,178	
Ord. 17-2012	100,000	
	\$	339,178

Schedule of Grants Receivable - State of New Jersey
Department of Transportation
General Capital Fund
Year Ended December 31, 2012

Balance - December 31, 2012	\$	85,000
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Increased by:		
Grant Awards		100,000

185,000

Decreased by:		
Cash Receipts		85,000

Balance - December 31, 2012	\$	100,000
-----------------------------	----	---------

<u>Analysis of Balance</u>		
Ord. 17-2012	\$	100,000

TOWN OF GUTTENBERG

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

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$ 155,000
Increased by:	
Supplemental Grant Award	<u>62,263</u>
Balance - December 31, 2012	<u><u>\$ 217,263</u></u>
	<u>Analysis of Balance</u>
Ord. 6-2008/18-2012: Improvements to Waterfront Park	<u><u>\$ 217,263</u></u>

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

General Capital Fund

Year Ended December 31, 2012

Increased by:	
Grant Award	<u>\$ 3,651,737</u>
Balance - December 31, 2012	<u><u>\$ 3,651,737</u></u>

TOWN OF GUTTENBERG

Schedule of Serial Bonds

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of issue	Original issue	Maturities of bonds outstanding		Interest rate	Balance, Dec. 31, 2011	Decreased	Balance, Dec. 31, 2012
			Date	Amount				
General Obligation Bonds	Apr. 1, 1991	3,437,000	April 1, 2013-15	200,000	6.85%	972,000	175,000	797,000
			April 1, 2016	197,000				
General Obligation Bonds	Feb. 1, 2003	2,230,000	Feb. 1, 2013	235,000	3.75%	1,230,000	230,000	1,000,000
			Feb. 1, 2014	240,000	3.80%			
			Feb. 1, 2015	245,000	3.90%			
			Feb. 1, 2016	280,000	4.00%			
Pension Refunding Bonds	Apr. 1, 2005	755,000	April 1, 2013	70,000	5.83%	520,000	65,000	455,000
			April 1, 2014	80,000	5.83%			
			April 1, 2015	90,000	5.83%			
			April 1, 2016	100,000	5.83%			
			April 1, 2017	115,000	5.83%			
						\$ 2,722,000	470,000	2,252,000

Exhibit C-11

TOWN OF GUTTENBERG
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2012

Balance - December 31, 2011	\$	1,390,684
Increased by:		
Budget Appropriation		<u>1,000,000</u>
		2,390,684
Decreased by:		
Appropriated to Finance		
Improvement Authorizations		<u>1,018,334</u>
Balance - December 31, 2012	\$	<u><u>1,372,350</u></u>

Exhibit C-12

Schedule of Interfund Payable/(Receivable) - Due to Current Fund
General Capital Fund
Year Ended December 31, 2012

Balance - December 31, 2011	\$	(3,596)
Increased by:		
Cash receipts	\$	3,786
Interest earned on investments		<u>6,789</u>
		<u>10,575</u>
		6,979
Decreased by:		
Cash disbursements		<u>6,017</u>
Balance - December 31, 2012	\$	<u><u>962</u></u>

TOWN OF GUTTENBERG
Schedule of Reserve for Payment of Notes
General Capital Fund
Year Ended December 31, 2012

Balance - December 31, 2011	\$	104,428
Increased by:		
Grant proceeds received		<u>238,937</u>
Balance - December 31, 2012	\$	<u><u>343,365</u></u>
	Ord. 15-2008	104,428
	Ord. 6-2008	<u>238,937</u>
	\$	<u><u>343,365</u></u>

Schedule of Reserve for Grants Receivable
General Capital Fund
Year Ended December 31, 2012

Increased by:		
Grants Awarded not Appropriated	\$	<u>4,090,915</u>
Balance - December 31, 2012	\$	<u><u>4,090,915</u></u>
	Ord. 17-2012 - NJ Department of Transportation	100,000
	Ord. 17-2012: Community Development Block Grant	100,000
	Ord. 2-2012: Sec. 15 Educational Facilities Construction Financing Grant	3,651,737
	Ord. 2-2012: Community Development Block Grant	<u>239,178</u>
	\$	<u><u>4,090,915</u></u>

TOWN OF GUTTENBERG

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2012

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, Dec. 31, 2011		Authorized	Expended	Balance, Dec. 31, 2012	
				Funded	Unfunded			Funded	Unfunded
6-2008/18-2012	Improvements to Waterfront Park	Mar. 24, 2008	450,000 \$		264,257	167,787	379,326	52,518	
		Oct. 22, 2012	167,787						
03-2010	Improvements to 71st Street	Mar. 1, 2010	115,000		5,870		1,079	4,791	
08-2011	Various Capital Improvements	Apr. 25, 2011	432,000		227,377		27,240	200,137	
2-2012	Construction of Building and Improvements to the Anna L. Klein School for Community, Recreation and Educational Purposes	May 29, 2012	20,335,000			20,335,000		19,366,666	
17-2012	Imprs. to 68th Street, Section 4	Oct. 22, 2012	250,000			250,000	141,082	108,918	
			\$		497,504	20,752,787	548,927	968,334	19,733,030

Cash Disbursed 544,667

TOWN OF GUTTENBERG

Schedule of Green Acres Loans Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of issue	Original issue	Maturities of Loans Outstanding		Interest rate	Balance, Dec. 31, 2011	Decreased	Balance, Dec. 31, 2012
			Date	Amount				
Ball Field Project No. 0903-94-052	3/11/2005	475,200	1/11/2013	15,134	2.00%	\$ 308,744	29,820	278,924
			7/11/2013	15,285				
			1/11/2014	15,438				
			7/11/2014	15,592				
			1/11/2015	15,748				
			7/11/2015	15,906				
			1/11/2016	16,065				
			7/11/2016	16,226				
			1/11/2017	16,388				
			7/11/2017	16,552				
			1/11/2018	16,717				
			7/11/2018	16,884				
		1/11/2019	17,053					
		7/11/2019	17,224					
		1/11/2020	17,396					
		7/11/2020	17,570					
		1/11/2021	17,746					
						\$ 308,744	29,820	278,924

TOWN OF GUTTENBERG

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2012

Ord. Number	Purpose	Date of original issue	Original issue	Date of Maturity	Interest rate	Balance, Dec. 31, 2010	Increased	Decreased	Balance, Dec. 31, 2012
2-2005	Various Capital Improvements	Apr. 7, 2005	475,000	Mar. 22, 2013	1.50% \$	407,000	390,000	407,000	390,000
18-2006	Various Capital Improvements	Mar. 24, 2008	522,500	Mar. 22, 2013	1.50%	503,000	483,500	503,000	483,500
06-2008	Waterfront Park Improvements	Mar. 23, 2009	295,000	Mar. 22, 2013	1.50%	295,000	284,500	295,000	284,500
13-2008	Refunding Tax Appeals	Mar. 23, 2009	600,000	Mar. 22, 2013	1.50%	390,000	200,000	390,000	200,000
14-2008	Improvements to 71st Street	Mar. 23, 2009	25,000	Mar. 22, 2013	1.50%	25,000	23,500	25,000	23,500
5-2008/15-2008	Various Capital Improvements	Mar. 23, 2009	370,500	Mar. 22, 2013	1.50%	370,500	362,500	370,500	362,500
						\$ 1,990,500	1,744,000	1,990,500	1,744,000
							Renewed	1,744,000	1,744,000
							Budget Appropriation - Principal Paydown	246,500	246,500
							\$	1,990,500	1,990,500

TOWN OF GUTTENBERG

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year Ended December 31, 2012

<u>Ordinance number</u>	<u>Improvement description</u>	Balance, Dec. 31, 2011	Authorized	Decreased by:	Balance, Dec. 31, 2012
03-2010	Improvements to 71st Street	\$ 30,000			30,000
08-2011	Various Capital Improvements	410,400			410,400
2-2012	Construction of Building and Imps. To the Anna L. Klein School for Community Recreational and Educational purposes		19,366,666		19,366,666
17-2012	Improvements to 68th Street, Sec. 4		200,000		200,000
18-2012	Amend 6-2008: Phase I Waterfront Park		105,524	105,524	
		\$ 440,400	19,672,190	105,524	20,007,066
	Grant Proceeds Received - Hudson County Open Space			105,524	

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TOWN OF GUTTENBERG

PART II

LETTERS ON COMPLIANCE AND ON INTERNAL CONTROL

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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

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

The Honorable Mayor and
Members of the Town Council
Town of Guttenberg
East Hanover, New Jersey 07442

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, 2012, and have issued our report thereon dated March 1, 2013. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Town of Guttenberg prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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



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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Guttenberg's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Guttenberg internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Guttenberg internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.


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


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

March 1, 2013



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:

Improvements to 68th St., Section 4

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on September 4, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

TOWN OF GUTTENBERG

GENERAL COMMENTS, (continued)

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 19, 2012 and was not complete.

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

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

	<u>Number of Liens</u>
Year Ended December 31, 2012	3
Year Ended December 31, 2011	3
Six Month Period Ended December 31, 2010	3

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TOWN OF GUTTENBERG

OTHER COMMENTS

FINANCE/TAX COLLECTOR

- 1.* 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 as required by Division of Local Government Services, Requirements of Audit for Revenue and Receipts.
- 2.* Deposits are not always made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.
- 3.* A 1099 was not issued to all individuals/vendors that were compensated in excess of \$600 in violation of IRS regulations as required by OMB No. 1545-0115.
- 4.* Not all delinquent taxes receivable outstanding from prior years' were sold at the tax sale nor were balances investigated for propriety.
- 5.* A review of state quarterly pension reports revealed that there might be professional service appointees that are enrolled in the Public Employees' Retirement System.
6. There were instances in which County Board Judgments were miscalculated resulting in incorrect amounts being refunded and/or applied to the taxpayer.
7. Goods/services are being ordered prior to being encumbered in violation of Technical Accounting Directive #1.
8. There were several instances in which a valid New Jersey Business Registration Certificate for vendors doing business with the Town could not be located for review.
9. An inactive tax redemption account remains on the books at 12/31/12.

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, 2012.
- 2.* A review of the Court's December 2012 ATS/ACS Monthly Management Report revealed that the court is behind in the processing of the following:
 - a. Tickets assigned over 180 days: 146 tickets
 - b. Complaints eligible for Warrant: 122 complaints
3. Bail receipts are not being issued in numerical order by both the Court and Police Department; various receipt books are being utilized in no particular order.

TOWN OF GUTTENBERG

OTHER COMMENTS, (continued)

CLERK

1. A review of various professional service contracts and award procedures revealed that the Town did not properly utilize the "fair and open" process set forth in the state's "Pay to Play" statute (P.L. 2005, c.51).
2. Certificates of availability of funds for professional service contracts did not stipulate which budget lines will be charged for the contract expenditures as required by N.J.A.C. 5:30-5.4.

DEPARTMENTS

Building Department:

- 1.* Deposits are not always made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.
- 2.* Permit fees are not being charged in accordance with approved fee schedules.
3. Monies collected are not being turned over to the Current Fund in a timely manner.

Police Department:

1. An accurate cash receipt ledger detailing monies received is not being maintained.

Parking Permits Department:

1. Not all parking permits issued are being entered into Parking Permit Lotus program as required.
2. A detailed and accurate cash receipt ledger for the following types of permits is not being maintained or made available for audit review.
 - a. General street parking permits
 - b. Parking lot permits

TOWN OF GUTTENBERG

RECOMMENDATIONS

FINANCE/TAX COLLECTOR

- 1.* Monthly tax proofs be performed to ensure cash collections are in agreement with those posted to the system.
- 2.* All deposits be made within 48 hours of receipt.
- 3.* 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.
- 4.* All delinquent taxes not under a bankruptcy proceeding be reviewed for proper disposition and possible inclusion in the current years' tax sale.
- 5.* A review of quarterly pension reports be made to ensure that professional services appointees are not erroneously enrolled in the pension system.
6. The tax collector review all refunds owed as a result of approved county board judgments to ensure accuracy of calculation.
7. Purchase orders be issued prior to the ordering of goods and/or services to ensure availability of funds.
8. A valid New Jersey Business Registration Certificate be maintained on file for all vendors for which the town does business with.
9. The inactive redemption account be investigated for propriety and closed if necessary

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.* Court personnel review the Monthly Management reports and take steps to reduce the significant number of tickets/cases outstanding.
3. Pre-numbered bail receipt books be utilized in sequence when accounting for bail receipts.

CLERK

1. Town officials develop and implement policies and procedures concerning the award of professional service contracts to ensure compliance with N.J.S.A. 19:44A-20.4.
2. All certificate of availability of funds documenting professional service contracts stipulate the budget line item to be charged.

TOWN OF GUTTENBERG

RECOMMENDATIONS, (continued)

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.
3. All monies collected be turned over to the Town in a timely manner.

Police Department:

1. A cash receipts ledger detailing cash received on a daily basis be maintained.

Parking Permits Department:

1. All parking permits be entered into the parking permit program when issued.
2. A detailed and accurate cash receipts ledger for the following types of permits be made available for audit review.
 - a. General street parking permits
 - b. Parking Lot permits

TOWN OF GUTTENBERG

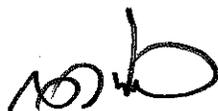
Status of Prior Year Audit Findings/Recommendations

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. Wielkottz
Registered Municipal Accountant
No. CR00413



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

March 1, 2013