

TOWN OF GUTTENBERG

**Financial Statements With
Supplementary Information**

December 31, 2013

(With Independent Auditors' Reports Thereon)

TOWN OF GUTTENBERG

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Town of Guttenberg in the County of Hudson, as of December 31, 2013 and 2012, 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, 2013, 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, 2013 and 2012, 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, 2013 and 2012, 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, 2013 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 schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 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 and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of federal financial awards and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 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, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

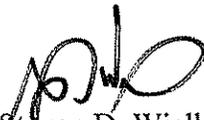
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2014 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

Honorable Mayor and
Members of the Town Council
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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.



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Registered Municipal Accountant
No. CR00413



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Certified Public Accountants
Pompton Lakes, New Jersey

April 21, 2014



TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2013 and 2012

<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Current Fund:			
Cash	A-4	\$ 5,719,425	4,595,144
Grants Receivable:			
Department of Transportation - 68th St. Sec. 3			100,000
Community Development Block Grant - 68th St. Sec. 3		24,259	100,000
Due from State of New Jersey:			
Senior citizens' and veterans' deductions	A-8	17,597	21,657
		<u>5,761,281</u>	<u>4,816,801</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-5	1,448,133	1,326,992
Tax Title Liens	A-20	5,676	5,258
Revenue accounts receivable	A-6	85,105	181,507
2013 Prepaid Payroll			158,501
Prepaid Local School District Tax	A-9	128,000	
Interfunds Receivable:			
Animal License Trust Fund	A-17	930	728
Community Development Trust Fund	A-17	24,853	100,414
Other Trust Fund	A-17	43	
Escrow Trust Fund	A-17	9	23
Payroll Agency Account	A-17	11	75
Net Payroll Account	A-17		384
General Capital Fund	A-17	103,273	962
Due from Federal and State Grant Fund	A-18		475,945
		<u>1,796,033</u>	<u>2,250,789</u>
Deferred Charges:			
Special Emergency Authorizations	A-7	88,000	132,000
		<u>7,645,314</u>	<u>7,199,590</u>
State and Federal Grant Fund:			
Cash	A-4	89,028	592,649
Due from Current Fund	A-18	48,155	
Grants receivable	A-21	29,061	14,078
		<u>166,244</u>	<u>606,727</u>
		<u>\$ 7,811,558</u>	<u>7,806,317</u>

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation reserves	A-3,A-12	\$ 1,403,517	1,233,354
Encumbrances payable	A-13	86,630	36,932
Tax overpayments	A-14	56,265	78,049
Prepaid taxes	A-15	173,225	140,704
Local School District Taxes Payable	A-9		156,714
County Taxes Payable	A-10	19	19
County Added Taxes Payable	A-11		9,262
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
Federal and State Grant Fund	A-18	48,155	
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	290,962	216,453
Police Retroactive Pay	A-19	90,383	90,383
Outside Liens	A-19	230,212	24,878
		<u>2,656,429</u>	<u>2,263,909</u>
Reserve for receivables and other assets	A	1,796,033	2,250,789
Fund balance	A-1	<u>3,192,852</u>	<u>2,684,892</u>
		<u>7,645,314</u>	<u>7,199,590</u>
State and Federal Grant Fund:			
Due to Current Fund	A-18		475,945
Due to General Capital Fund	C		24,280
Matching Funds for Grants		50,000	
Appropriated reserves	A-22	99,068	99,383
Unappropriated reserves	A-23	17,176	7,119
		<u>166,244</u>	<u>606,727</u>
		<u>\$ 7,811,558</u>	<u>7,806,317</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, 2013 and 2012

	Dec. 31, <u>2013</u>	Dec. 31, <u>2012</u>
Revenue and other income realized:		
Fund balance utilized	\$ 1,300,000	1,250,000
Miscellaneous revenue anticipated	2,525,774	2,646,696
Receipts from delinquent taxes	1,280,622	1,466,158
Receipts from current taxes	26,426,541	26,294,025
Nonbudget revenues	214,724	447,217
Other credits to income:		
Unexpended balance of appropriation reserves	928,482	813,552
Liabilities Canceled	19,542	5,118
Prior year pre-paid payroll charged	158,501	73,437
Interfunds Returned	478,118	54,781
	<hr/>	<hr/>
Total revenue	33,332,304	33,050,984
Expenditures:		
Budget and emergency appropriations:		
Operations:		
Salaries and wages	4,449,069	4,313,770
Other expenses	8,910,284	8,726,880
Deferred charges and statutory expenditures	848,841	972,693
Capital improvements	700,000	1,067,095
Municipal debt service	932,400	922,899
County taxes	4,913,014	4,850,886
Due county for added taxes		9,262
Local district school taxes	10,472,152	10,327,973
Prepaid local district school taxes	128,000	
Interfunds Advanced	104,901	55,847
2013 Prepaid payroll Advanced		158,501
Refunds	65,683	139,477
	<hr/>	<hr/>
Total expenditures	31,524,344	31,545,283
Excess in Revenue	1,807,960	1,505,701

TOWN OF GUTTENBERG

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

Current Fund

Year Ended December 31, 2013 and 2012

	Dec. 31, <u>2013</u>	Dec. 31, <u>2012</u>
Statutory excess to fund balance	1,807,960	1,505,701
Fund balance - January 1,	2,684,892	2,429,191
Decreased by utilization as anticipated revenue	<u>1,300,000</u>	<u>1,250,000</u>
Fund balance	\$ <u><u>3,192,852</u></u>	\$ <u><u>2,684,892</u></u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus anticipated	\$ 1,300,000	1,300,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	25,000	39,164	14,164
Other	61,000	163,406	102,406
Fees and permits:			
Construction	75,000	214,925	139,925
Other	75,000	193,089	118,089
Fines and costs municipal court	630,000	574,872	(55,128)
Parking meters	97,000	87,778	(9,222)
Interest and costs on taxes	150,000	228,210	78,210
Interest on investments and deposits	5,000	33,116	28,116
Consolidated Municipal Property Tax Relief Aid	209,937	209,937	
Energy Receipts Tax	548,838	548,838	
Public and Private Programs Offset by Revenues:			
Drunk Driving Enforcement Fund	3,866	3,866	
Municipal Alliance	12,050	12,050	
Clean Communities	14,607	14,607	
Body Armor Grant	3,253	3,253	
Summer Food	22,429	22,429	
Alcohol Education and Rehabilitation	950	950	
PILOT Housing Authority	47,000	67,085	20,085
Cablevision	50,000	71,817	21,817
Verizon	24,600	36,382	11,782
Total miscellaneous revenues	<u>2,055,530</u>	<u>2,525,774</u>	<u>470,244</u>
Receipts from delinquent taxes	<u>1,285,000</u>	<u>1,280,622</u>	<u>(4,378)</u>
Amount to be raised by taxes for support of municipal budget	<u>12,506,611</u>	<u>12,346,375</u>	<u>(160,236)</u>
Budget total	<u>\$ 17,147,141</u>	<u>17,452,771</u>	<u>305,630</u>
Nonbudget revenue		<u>214,724</u>	
		<u>\$ 17,667,495</u>	

TOWN OF GUTTENBERG

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2013

Analysis of Realized Revenue

Allocation of current tax collections;	
Revenue from collections	\$ <u>26,426,541</u>
Allocated to:	
Local district school tax	10,472,152
County taxes	<u>4,913,014</u>
	<u>15,385,166</u>
Balance for support of municipal	
budget appropriations	11,041,375
Reserve for uncollected taxes	<u>1,305,000</u>
	<u>\$ 12,346,375</u>
Receipts from:	
Delinquent tax collections	<u>\$ 1,280,622</u>

Analysis of Miscellaneous Revenue Not Anticipated

Insurance Reimbursements	81,148
Worker's Compensation	18,978
FEMA	43,527
Towing	6,400
ADS Refunds - State Health Benefits	6,550
Housing Inspections	23,505
Bank of America - Refund	7,533
Police Off Duty Administrative Fee	1,890
Auction Proceeds	6,550
DMV Inspection Fines	1,600
Other	<u>17,043</u>
	<u>\$ 214,724</u>
Due from Federal and State Grant Fund	4,830
Cash	<u>209,894</u>
	<u>\$ 214,724</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2013

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Operations-within "CAPS"					
Administrative and executive:					
Salaries and wages	\$ 250,000	250,000	233,710	16,290	
Other expenses	160,000	160,000	129,690	30,310	
Elections:					
Salaries and wages	1,680	2,530	2,513	17	
Other expenses	12,500	12,500	9,067	3,433	
Financial administration:					
Salaries and wages	160,000	160,000	154,059	5,941	
Other expenses	130,000	130,000	78,610	51,390	
Assessment of taxes:					
Salaries and wages	58,000	58,000	31,232	26,768	
Other expenses	15,500	28,500	27,704	796	
Municipal Court:					
Salaries and wages	145,000	145,000	118,698	26,302	
Other Expenses:	20,000	20,000	9,123	10,877	
Collection of taxes:					
Salaries and wages	88,000	88,000	82,293	5,707	
Other expenses	13,250	13,250	4,493	8,757	
Legal services and costs:					
Salaries and wages	89,000	89,000	87,129	1,871	
Other expenses	95,000	190,000	171,518	18,482	
Public building and grounds:					
Other expenses	170,000	170,000	120,075	49,925	
Engineering:					
Other expenses	55,000	75,000	70,059	4,941	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2013

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and wages	13,750	13,750	12,961	789	
Other expenses	4,500	4,500	614	3,886	
Community Action Program:					
Other expenses	10,500	10,500	10,000	500	
Insurance:					
Insurance-Other	574,783	574,783	554,672	20,111	
Group Insurance for Employees	2,229,016	2,083,816	1,828,759	255,057	
Unemployment Insurance	15,000	15,000	15,000		
PUBLIC SAFETY:					
Police:					
Salaries and wages	2,634,439	2,634,439	2,583,427	51,012	
Other expenses	120,000	120,000	100,618	19,382	
Emergency management services:					
Other expenses	650	650	275	375	
Weehawken Volunteer Ambulance:					
Other expenses	45,000	45,000	33,085	11,915	
Fire Official/Inspector:					
Salaries and wages	83,000	83,000	73,739	9,261	
Other expenses	3,000	3,000	2,733	267	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2013

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Public Works:					
Street Cleaning:					
Salaries and wages	470,000	470,000	427,860	42,140	
Other expenses	130,000	130,000	117,023	12,977	
Recycling:					
Other expenses	105,000	105,000	84,743	20,257	
Solid Waste & Garbage Removal:					
Other expenses	760,000	760,000	630,437	129,563	
Snow Removal:					
Other expenses	45,000	45,000	44,926	74	
Health and Welfare:					
Public Health Services:					
Other expenses	22,000	22,000	21,472	528	
Recreation and Education:					
Recreation:					
Salaries and wages	140,000	140,000	125,726	14,274	
Other expenses	70,000	70,000	59,375	10,625	
Celebration of public event, anniversary or holiday - other expenses					
Senior Citizens Nutrition Program:					
Salaries and wages	13,200	13,420	13,413	7	
Other expenses	35,000	35,000	29,777	5,223	
Senior Citizens Transportation:					
Salaries and wages	67,000	67,000	63,825	3,175	
Other expenses	14,250	14,250	11,456	2,794	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2013

<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	5,442	4,558	
Uniform construction code official:					
Salaries and wages	146,000	146,000	135,925	10,075	
Other expenses	8,000	8,000	4,245	3,755	
License inspector:					
Salaries and wages	40,000	40,000	20,729	19,271	
Other expenses	2,500	2,500	707	1,793	
UNCLASSIFIED:					
Utilities:					
Electricity	85,000	85,000	65,488	19,512	
Street lighting	120,000	120,000	76,823	43,177	
Telephone	60,000	60,000	49,324	10,676	
Water	16,000	16,000	8,138	7,862	
Fire hydrant service	50,000	50,000	43,806	6,194	
Sewerage	15,000	22,200	22,141	59	
Gasoline	82,000	82,000	71,547	10,453	
Postage - all departments	35,000	35,000	27,098	7,902	
Technology	65,000	75,000	71,201	3,799	
Salary & Wage Adjustment	50,000	48,930		48,930	
Total Operations within "CAPS"	9,909,518	9,909,518	8,819,744	1,089,774	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2013

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Contingent	6,125	6,125		6,125	
Total Operations Including Contingent-within "CAPS"	9,915,643	9,915,643	8,819,744	1,095,899	
Detail:					
Salaries & Wages	4,449,069	4,449,069	4,167,239	281,830	
Other Expenses (Including Contingent)	5,466,574	5,466,574	4,652,505	814,069	
	9,915,643	9,915,643	8,819,744	1,095,899	
Deferred Charges and Statutory Expenditures-Municipal within "CAPS"					
DEFERRED CHARGES					
Expenditures without Appropriations - General Capital	1,386	1,386	1,386		
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	210,000	210,000	194,345	15,655	
Public Employees Retirement system	142,357	142,357	142,357		
Police and Firemans Retirement System of N.J.	12,000	12,000	10,797	1,203	
Consolidated Police and Firemen's Pension Fund	439,098	439,098	439,098		
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	804,841	804,841	787,983	16,858	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2013

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Total General Appropriations for Municipal Purposes within "CAPS"	10,720,484	10,720,484	9,607,727	1,112,757	
Operations-Excluded from "CAPS"					
Matching Funds for Grants	50,000	50,000	50,000		
Reserve for Tax Appeals	198,614	198,614	198,614		
911-Other Expenses	37,000	37,000	30,177	6,823	
Stormwater Management	40,000	40,000	33,025	6,975	
Health Insurance CAP Exception	108,828	108,828		108,828	
Library Service-North Bergen:					
Other expenses	167,500	167,500	167,291	209	
North Hudson Regional Communication:					
Other expenses	81,600	81,600	75,000	6,600	
North Hudson Regional Fire & Rescue:					
Other expenses	2,700,000	2,700,000	2,538,675	161,325	
Public and Private Programs Offset by Revenues					
State Recycling Grant	12,050	12,050	12,050		
Municipal Alliance	3,013	3,013	3,013		
Match	3,866	3,866	3,866		
Drunk Driving Enforcement Fund	22,429	22,429	22,429		
Summer Food	14,607	14,607	14,607		
Clean Communities	3,253	3,253	3,253		
Body Armor Grant	950	950	950		
Alcohol Education Rehabilitation					
Total Operations-Excluded from "CAPS"	3,443,710	3,443,710	3,152,950	290,760	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2013

<u>Description</u>	<u>Budget</u>	<u>Budget after modifications</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Detail:					
Salaries and Wages	3,443,710	3,443,710	3,152,950	290,760	
Other Expenses	3,443,710	3,443,710	3,152,950	290,760	
Capital Improvements - Excluded from CAPS					
Capital Improvement Fund	700,000	700,000	700,000		
Total Capital Improvements - Excluded from CAPS	700,000	700,000	700,000		
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	505,000	505,000	505,000		
Payment of Bond Anticipation and Capital Notes	256,500	256,500	256,500		
Interest on Bonds	106,600	106,600	105,054		1,546
Interest on Notes	30,000	30,000	30,000		
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	35,847	35,847	35,846		1
Total Municipal Debt Service-Excluded from "CAPS"	933,947	933,947	932,400		1,547
Deferred Charges- Municipal Excluded from "CAPS"					
Special Emergency Authorizations - 5 years (N.J.S. 40A:4-55)	44,000	44,000	44,000		
Total Deferred Charges-Municipal-Excluded from "CAPS"	44,000	44,000	44,000		

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2013

<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"	5,121,657	5,121,657	4,829,350	290,760	1,547
Subtotal General Appropriations	15,842,141	15,842,141	14,437,077	1,403,517	1,547
Reserve for Uncollected Taxes	1,305,000	1,305,000	1,305,000		
Total General Appropriations	\$ 17,147,141	17,147,141	15,742,077	1,403,517	1,547

Adopted Budget 17,131,584
 Added by N.J.S.A. 40A:4-87 15,557
\$ 17,147,141

<u>Analysis of Paid or Charged</u>	
Deferred Charges	44,000
Reserve for Uncollected Taxes	1,305,000
Due to Federal and State Grant Fund	60,168
Due to Federal and State Grant Fund - Matching Funds	50,000
Due to General Capital Fund	1,386
Reserve for Tax Appeals	130,263
Reserve for Encumbrances	86,630
Cash	14,064,630
	<u>\$ 15,742,077</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2013 and 2012

<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Animal License Fund:			
Cash	B-1	\$ 4,588	2,246
Due from State of New Jersey	B-3	19	<u> </u>
		<u>4,607</u>	<u>2,246</u>
Unemployment Compensation Trust Fund:			
Cash	B-1	<u>30,873</u>	<u>34,201</u>
		<u>30,873</u>	<u>34,201</u>
Community Development Block Grant Trust Fund:			
Cash	B-1	63,845	11,254
Grants receivable	B-4	<u>431,911</u>	<u>439,178</u>
		<u>495,756</u>	<u>450,432</u>
Other Trust Funds:			
Cash	B-1	652,665	481,060
Interfund Receivables:			
Due from Current Fund	B-7	<u> </u>	<u>100</u>
		<u>652,665</u>	<u>481,160</u>
		<u>\$ 1,183,901</u>	<u>968,039</u>

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2013 and 2012

<u>Liabilities and Reserves</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Animal License Fund:			
Reserve for Animal License Expenditures	B-2	3,677	1,500
Due to State of New Jersey	B-3		18
Due to Current Fund	B-7	930	728
		<u>4,607</u>	<u>2,246</u>
Unemployment Compensation Trust Fund:			
Reserve for Expenditures	B-10	30,873	34,201
Community Development Block Grant Trust Fund:			
Reserve for Grant Expenditures	B-5	418,492	350,018
Due to General Capital Fund	B-7	52,411	
Due to Current Fund	B-7	24,853	100,414
		<u>495,756</u>	<u>450,432</u>
Other Trust Funds:			
Due to State-Marriage Licenses	B-6	400	350
Due to State-Construction Fees	B-6	254	254
Interfunds Payable:			
Due to Current Fund - Escrow Trust	B-7	9	23
Due to Current Fund - Other Trust	B-7	43	
Reserve for:			
Other Trust Deposits	B-8	651,959	480,533
		<u>652,665</u>	<u>481,160</u>
		<u>\$ 1,183,901</u>	<u>968,039</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2013 and 2012

<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Cash:			
Checking	C-2,C-3	\$ 2,596,128	2,596,966
Expenditure without Appropriation			1,386
Grants Receivable:			
Community Development Block Grant	C-6	347,589	339,178
State of New Jersey - Dept. of Transportation	C-7	68,019	100,000
State of New Jersey - Department of Environmental Protection, Green Acres Program	C-8	217,263	217,263
State of New Jersey - Educational Facilities Construction Financing	C-9	3,651,737	3,651,737
Deferred charges to future taxation:			
Funded	C-4	1,995,505	2,530,924
Unfunded	C-5	21,191,835	21,368,496
Due from Federal and State Grant Fund	A		24,280
Due from Community Development Grant Fund	C-10	52,411	
		<u>\$ 30,120,487</u>	<u>30,830,230</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-11	1,747,000	2,252,000
Green Acres Loans Payable	C-17	248,505	278,924
Bond Anticipation notes	C-18	1,235,500	1,744,000
Capital Improvement Fund	C-12	926,420	1,372,350
Due to Current Fund	C-13	103,273	962
Reserve for Payment of Notes	C-14	506,764	343,365
Reserve for Grants Receivable	C-15	3,677,256	4,090,915
Improvement authorizations:			
Funded	C-16	1,944,632	968,334
Unfunded	C-16	19,684,787	19,733,030
Fund Balance	C-1	46,350	46,350
		<u>\$ 30,120,487</u>	<u>30,830,230</u>

There were bonds and notes authorized but not issued at December 31, 2013 and December 31, 2012 of \$19,956,335 and \$20,007,066 respectively. See exhibit C-19.

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Balance - December 31, 2012	\$ <u>46,350</u>	<u>45,534</u>
Increased by :		
Premium received on Sale of Bond Anticipation Notes	<u> </u>	<u>816</u>
Balance - December 31, 2013	\$ <u><u>46,350</u></u>	<u><u>46,350</u></u>

See Accompanying Notes to Financial Statements

TOWN OF GUTTENBERG

Comparative Balance Sheets-Regulatory Basis

Payroll Account

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Cash	\$ 116,008	132,399
	<u>\$ 116,008</u>	<u>132,399</u>
<u>Liabilities</u>		
Due to Current Fund - Net Payroll	\$	384
Due to Current Fund - Payroll Agency	11	75
Net Payroll Payable	115,997	118,455
Withholdings Payable	<u> </u>	<u>13,485</u>
	<u>\$ 116,008</u>	<u>132,399</u>

See accompanying notes to the financial statements.

TOWN OF GUTTENBERG

Statement of General Fixed Assets-Regulatory Basis

General Fixed Assets Account Group

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Land	\$ 1,357,400	1,357,400
Buildings	3,378,500	3,378,500
Vehicles and equipment	<u>1,692,708</u>	<u>1,707,093</u>
	<u>\$ 6,428,608</u>	<u>6,442,993</u>

See accompanying notes to financial statements.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 AND 2012
(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, 2013 AND 2012
(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, 2013 AND 2012
(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 2013, the Mayor and Council approved additional revenues and appropriations of \$15,557 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, 2013 AND 2012
(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, 2013 AND 2012
(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, 2013 AND 2012
(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, 2013 AND 2012
(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, 2013 AND 2012
(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, 2013 AND 2012
(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, 2013 AND 2012
(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, 2013	\$142,357	\$439,098
Year Ended December 31, 2012	138,144	442,006
Year Ended December 31, 2011	129,461	508,501

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, 2013 AND 2012
(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, 2013, 2012 and 2011, were \$805.00, \$77.00 and \$-0-, respectively.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

NOTE 3. LONG-TERM DEBT

Long-term debt as of December 31, 2013 consisted of the following:

	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2013</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$2,252,000	\$	\$505,000	\$1,747,000	\$520,000
Total Bonds Payable	<u>2,252,000</u>	<u> </u>	<u>505,000</u>	<u>1,747,000</u>	<u>520,000</u>
Other Liabilities:					
Deferred PERS/PFRS Pension Contribution	228,274		11,744	216,530	13,100
Green Acres Loan Obligation Debt	<u>278,924</u>		<u>30,419</u>	<u>248,505</u>	<u>31,030</u>
Total Other Liabilities	<u>507,198</u>		<u>42,163</u>	<u>465,035</u>	<u>44,130</u>
	<u>\$2,759,198</u>	<u>\$</u>	<u>\$547,163</u>	<u>\$2,212,035</u>	<u>\$564,130</u>

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Issued-general-bonds, loans and notes	\$3,231,005	\$4,274,924	\$5,021,244
Authorized but not issued-general-bonds and	<u>19,956,335</u>	<u>20,007,066</u>	<u>440,400</u>
	23,187,340	24,281,990	5,461,644
Less funds on hand to pay debt and other	<u>891,764</u>	<u>1,180,935</u>	<u>1,006,998</u>
Net bonds and notes issued and authorized but issued	<u>\$22,295,576</u>	<u>\$23,101,055</u>	<u>\$4,454,646</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 2.47%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General debt	\$23,187,340	\$891,764	\$22,295,576
School debt	<u>479,000</u>	<u>479,000</u>	<u>-0-</u>
	<u>\$23,666,340</u>	<u>\$1,370,764</u>	<u>\$22,295,576</u>

Net debt of \$22,295,576 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$903,156,231 equals 2.47%.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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)	\$31,610,468
Net Debt	<u>22,295,576</u>
Remaining borrowing power	<u>\$9,314,892</u>

The Town's long-term debt consisted of the following at December 31, 2013:

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	\$765,000
\$3,437,000 General serial bonds - 6.85% general serial bonds issued April 1, 1991, due through April 1, 2016	597,000
\$755,000 Pension Refunding Bonds - Term Bond - 5.83% issued April 1, 1991, sinking fund redemptions due through April 1, 2017	<u>385,000</u>
	<u>\$1,747,000</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>
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>\$1,903,272</u>	<u>\$1,747,000</u>	<u>\$156,272</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, 2013 AND 2012
(CONTINUED)**

NOTE 3. LONG-TERM DEBT, (continued)

At December 31, 2013, the Town had authorized but not issued debt as follows:

General Capital Fund	<u>\$19,956,335</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>
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	35,847	33,602	2,245
2019-2021	<u>89,616</u>	<u>86,989</u>	<u>2,627</u>
	<u>\$268,848</u>	<u>\$248,505</u>	<u>\$20,343</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, 2013 AND 2012
(CONTINUED)**

NOTE 5. BOND ANTICIPATION NOTES, (continued)

On December 31, 2013, the Town had \$1,235,500 outstanding General Capital Fund bond anticipation notes due on March 21, 2014 at an interest rate of .89%. 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.	\$1,744,000	\$	\$1,744,000	\$0
PNC Bank		<u>1,235,500</u>		<u>1,235,500</u>
	<u>\$1,744,000</u>	<u>\$1,235,500</u>	<u>\$1,744,000</u>	<u>\$1,235,500</u>

NOTE 6. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance Dec. 31, 2013</u>	<u>2014 Budget Appropriation</u>	<u>Balance succeeding year's budget</u>
<u>Current Fund:</u>			
Special Emergency Authorization			
Revaluation of Real Property	<u>\$88,000</u>	<u>\$44,000</u>	<u>\$44,000</u>

NOTE 7. FUND BALANCE APPROPRIATED

There was \$1,231,000 of fund balance appropriated as anticipated revenue in the 2013 Current Fund budget.

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 \$74,490 as of December 31, 2013. This amount is not reported either as an expenditure or liability.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

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, 2013, \$-0- of the Town's bank balance of \$9,322,142 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, 2013 AND 2012
(CONTINUED)**

NOTE 10. FIXED ASSETS

The following is a summary of charges in the general fixed assets account group as of December 31, 2013.

	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2013</u>
Land	\$1,357,400	\$	\$	\$1,357,400
Building	3,378,500			3,378,500
Equipment	<u>1,707,093</u>	<u>50,877</u>	<u>65,262</u>	<u>1,692,708</u>
	<u>\$6,442,993</u>	<u>\$50,877</u>	<u>\$65,262</u>	<u>\$6,428,608</u>

NOTE 11. DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2013 consist of the following:

\$52,411	Due to the General Capital Fund from the Community Development Trust Fund for grant monies received not turned over.
103,273	Due to the Current Fund from the General Capital Fund for interest earnings not turned over, grant receipts, and the unexpended balance of the budget appropriation for interest on notes less the prior year deferred charge raised in the 2013 budget but not transferred.
24,853	Due to the Current Fund from the Community Development Trust Fund to reimburse expenditures paid and current year interest earnings.
43	Due to the Current Fund from the Other Trust Fund for deposits made in error, less interest earned.
48,155	Due to the Federal and State Grant Fund from the Current Fund for grant revenue collected less expenditures made and interest earned.
930	Due to the Current Fund from the Animal License Trust Fund for the current year statutory excess calculation.
11	Due to the Current Fund from the Payroll Agency Account for interest earned.
<u>9</u>	Due to the Current Fund from the Escrow Trust Fund for accumulated interest earnings due to the Town.
<u>\$229,685</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, 2013 AND 2012
(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.

Plan Description

The Town of Guttenberg contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

NOTE 12. OTHER POST RETIREMENT BENEFITS, (continued)

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-july2011.pdf>.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Town of Guttenberg on a monthly basis. The rates charges by the system for the year ended December 31, 2013 were as follows:

The Town of Guttenberg's contributions to SHBP for post-retirement benefits for the year ended December 31, 2013 was \$169,471, which equaled the required contribution for the year.

Comparative premiums paid in 2012 are not available as post employment health benefits coverage was provided through Oxford Health plans until July 31, 2013, at which point coverage was terminated with Oxford and subsequently provided through participation in the New Jersey State Health Benefits Plan.

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 \$74,490 as of December 31, 2013. This amount is not reported either as an expenditure or liability.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

NOTE 13. CONTINGENT LIABILITIES, (continued)

B. Grants

The Town received financial assistance from the State of New Jersey and the U.S. Government in the form of grants and revenue sharing entitlements. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. During 2013, the Town is subject to the requirements of the Single Audit Act Amendments of 1996 which mandated that all Federal grant revenues and expenditures be audited in conjunction with a municipal audit. In addition, substantially all State grants, entitlements and cost reimbursements are subject to financial and compliance audits by the grantors.

C. Other Litigation

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

NOTE 14. ECONOMIC DEPENDENCY

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

NOTE 15. NORTH HUDSON REGIONAL FIRE AND RESCUE

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

Background of the Agreement

On December 30, 1998, the Town adopted a resolution approving it to enter into a joint contract with the municipalities of North Bergen, Union City, Weehawken and West New York (the "Other Municipalities"), in order to form a joint meeting pursuant to the Consolidated Municipal Services Act, N.J.S.A. 40:48B-1 et seq. (the "Act"). The entity created by the formation of this joint meeting is known as the North Hudson Regional Fire and Rescue (the "NHRFR"), which is a public body, corporate and politic, constituting a political subdivision of the State of New Jersey, having all powers and authorities permitted by the Act. The purpose of the NHRFR is to provide for the joint operation of fire protection, rescue and emergency services, and other related governmental services.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

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

The NHRFR was in effect from October 1, 1998, as the Other Municipalities had already formed the Agreement before the Town entered on December 30, 1998. The term of the Agreement expires September 30, 2023, but may be subject to earlier termination pursuant to the Act. The operations of the NHRFR commenced on January 1, 1999. The NHRFR is governed by a five member management committee, consisting of one representative from each municipality, and this committee may appoint one or two executive director(s), and other such officers, employees and counsel as it deems necessary. A municipality's admission to or withdrawal from the NJFRF requires four votes from the management committee.

Required Contributions by the Town

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

The Town was required to contribute \$1,500,000 annually to the NHRFR. This annual contribution is subject to an increase based on the percentage of increase of the total fire and rescue related appropriations over the base year (SFY 1998) of the Other Municipalities. The Agreement also contains provisions for cost and budget balance allocations, and a growth value adjustment to be made in calendar year 2001, but these provisions do not pertain to the Town. As of December 31, 2013, the town budgeted \$2,700,000 and contributed \$2,538,675.

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>2013</u>	Balance December 31, <u>2012</u>
Prepaid Taxes	<u>\$173,225</u>	<u>\$140,704</u>
Cash Liability for Taxes Collected in Advance	<u>\$173,225</u>	<u>\$140,704</u>

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

NOTE 17. RISK MANAGEMENT

The Town of Guttenberg is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has obtained insurance coverage to guard against these events which will provide minimum exposure to the Town should they occur. During the year ended December 31, 2013, the Town did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Town of Guttenberg is a member of the New Jersey Intergovernmental Insurance Fund (the "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.

NOTE 18. SUBSEQUENT EVENT

The Town has evaluated subsequent events through April 21, 2014, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

TOWN OF GUTTENBERG

Supplementary Data

Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax rate	3.483	3.448	3.279 *
Apportionment of tax rate:			
Local school	1.307	1.289	1.233
County	0.615	0.606	0.522
Municipal	1.561	1.553	1.524

* - Revaluation

Assessed valuation:

Year ended Dec. 31, 2013	\$	800,942,308
Year ended Dec. 31, 2012		801,044,532
Year ended Dec. 31, 2011		802,095,918

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, 2013	\$ 27,896,822	26,426,541	94.73%
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%

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, 2013	5,676	1,448,133	1,453,809	5.21%
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%

Property Acquired By Tax Title Lien Liquidation

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

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

<u>Year</u>	<u>Amount</u>
2013	\$ None
2012	None
2011	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, 2013	\$ 3,192,852
	Dec. 31, 2012	1,300,000
	Dec. 31, 2011	1,250,000
	Dec. 31, 2010	1,200,000
	June 30, 2010	353,146

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)
Ann Setliff	Deputy Tax Collector	1,000,000	(A)
Alida Buczynski	Court Administrator	1,000,000	(A)
Ashley Mazure	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

Schedule of Cash - Collector/Treasurer

Current Fund

Year Ended December 31, 2013

	Regular <u>Fund</u>	Federal and State Grant <u>Fund</u>
Balance - December 31, 2012	\$ 4,595,144	592,649
Increased by receipts:		
Revenue accounts receivable	2,468,091	
Miscellaneous revenues not anticipated	209,894	
Taxes receivable	27,418,501	
Senior citizens and veterans deductions	28,560	
Prepaid Taxes	173,225	
Grant Receipts - Community Development Block Grant	75,741	
Interfunds	478,118	
Tax Overpayments	131,420	
Various Reserves	1,230,443	
Grants Receivable		35,053
Cash receipts due to Current Fund		4,858
Unappropriated reserves		17,176
	<u>32,213,993</u>	<u>57,087</u>
	<u>36,809,137</u>	<u>649,736</u>
Decreased by disbursements:		
2013 budget appropriations	14,064,630	
2012 appropriation reserves	189,090	
Tax overpayment refunds	10,204	
Local district school tax	10,756,866	
County taxes	4,922,276	
Interfunds	100	500,225
Various Reserves	1,080,863	
Refund of Prior Year Revenue	65,683	
Appropriated Reserves		60,483
	<u>31,089,712</u>	<u>560,708</u>
Balance, December 31, 2013	<u>\$ 5,719,425</u>	<u>89,028</u>

TOWN OF GUTTENBERG

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2013

Year	Balance, Dec. 31, 2013	2013 Levy	Added 2013 Levy	2012 Collected 2013	Senior & Veteran's Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2013
TY2010	\$ 6,938			4,814				2,124
2011	34,535			30,135				4,400
2012	1,285,519			1,245,673				39,846
	<u>1,326,992</u>			<u>1,280,622</u>				<u>46,370</u>
2013		27,896,822		140,704	24,500	418	68,100	1,401,763
	<u>\$ 1,326,992</u>	<u>27,896,822</u>		<u>140,704</u>	<u>24,500</u>	<u>418</u>	<u>68,100</u>	<u>1,448,133</u>

Overpayments Applied	123,458
Cash Receipts	27,418,501
	<u>\$ 27,541,959</u>

Analysis of 2013 Tax Levy

Tax yield:

General property tax	\$ 27,896,822
Added tax (R.S.54:4-63.1 et seq.)	
	<u>\$ 27,896,822</u>

Tax levy:

Local district school tax (abstract)	\$ 10,472,152
County tax (abstract)	4,913,014
Added taxes (R.S. 54:4-63.1 et seq.)	
Local tax for municipal purpose (abstract)	12,506,611
Additional tax levies/(Deductions)	23,143
	<u>\$ 27,914,920</u>

TOWN OF GUTTENBERG

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Accrued in 2013	<u>Collected</u>	Balance, Dec. 31, <u>2013</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	39,164	39,164	
Other		163,406	163,406	
Fees and permits		193,089	193,089	
Construction Code Official-fees and permits	140,722	115,098	214,925	40,895
Municipal Court fines and costs	40,785	578,297	574,872	44,210
Parking meters		87,778	87,778	
Interest and cost on taxes		228,210	228,210	
Interest on investments		33,116	33,116	
Consolidated Municipal Property Tax Relief		209,937	209,937	
Energy Receipts Tax		548,838	548,838	
PILOT Housing Authority		67,085	67,085	
Cablevision		71,817	71,817	
Verizon		36,382	36,382	
	<u>\$ 181,507</u>	<u>2,372,217</u>	<u>2,468,619</u>	<u>85,105</u>
		Interest on Investments	528	
		Cash	2,468,091	
		\$	<u>2,468,619</u>	

TOWN OF GUTTENBERG

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

Current Fund

Year Ended December 31, 2013

<u>Purpose</u>	<u>Date</u>	<u>Amount Authorized</u>	<u>Not Less Than 1/5 of Amount Authorized</u>	<u>Balance, Dec. 31, 2012</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2013</u>
Revaluation of Real Property	Aug. 26, 2010	220,000	44,000	132,000	44,000	88,000
				\$ 132,000	44,000	88,000

TOWN OF GUTTENBERG

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

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$ 21,657
Increased by:	
Senior citizens' and veterans' deductions per tax billings	<u>24,500</u>
	46,157
Decreased by:	
Cash received	<u>28,560</u>
Balance - December 31, 2013	<u><u>\$ 17,597</u></u>

Schedule of (Prepaid) Local District School Taxes Payable

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$ 156,714
Increased by:	
2013 Levy	<u>10,472,152</u>
	10,628,866
Decreased by:	
Cash Disbursed	<u>10,756,866</u>
Balance - December 31, 2013 (Prepaid)	<u><u>\$ (128,000)</u></u>

TOWN OF GUTTENBERG
Schedule of County Taxes Payable
Current Fund
Year Ended December 31, 2013

Balance - December 31,	\$	19
Increased by:		
County Tax Levy		<u>4,913,014</u>
		4,913,033
Decreased by:		
Cash Disbursed		<u>4,913,014</u>
Balance - December 31, 2013	\$	<u><u>19</u></u>

**Schedule of Due County for Added
and Omitted Taxes**
Current Fund
Year Ended December 31, 2013

Balance - December 31, 2012	\$	<u>9,262</u>
Decreased by:		
Cash Disbursed	\$	<u><u>9,262</u></u>

TOWN OF GUTTENBERG, N.J.
Schedule of 2012 Appropriation Reserves

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 27,130	27,130	7,490	19,640
Elections	930	930		930
Financial Administration	24,959	24,959	5,902	19,057
Assessment of Taxes	2,859	2,859	2,784	75
Municipal Court	4,751	4,751	4,749	2
Collection of Taxes	5,802	5,802	3,611	2,191
Legal Services	3,047	3,047	2,990	57
Planning Board	1,568	1,568		1,568
Police	116,654	116,654	95,975	20,679
Fire Inspector	3,613	3,613	3,594	19
Street Cleaning	57,488	57,488	15,523	41,965
Recreation	4,362	4,362	1,591	2,771
Senior Citizens Nutrition Program	626	626	486	140
Senior Citizens Transportation	2,932	2,932	2,901	31
Uniform Construction Code	5,986	5,986	5,978	8
License Inspector	6,557	6,557		6,557
Salary and Wage Adjustment	38,590	38,590		38,590
	<u>307,854</u>	<u>307,854</u>	<u>153,574</u>	<u>154,280</u>
Total Salaries and Wages Within "CAPS"				
Other Expenses Within "CAPS":				
Administrative and Executive	29,642	33,213	5,312	27,901
Elections	4,519	4,519		4,519
Financial Administration	61,038	61,250	10,212	51,038
Collection of Taxes	5,778	5,859	81	5,778
Assessment of Taxes	7,268	7,331	3,438	3,893
Municipal Court	10,670	12,002	1,332	10,670
Legal Services	31,637	32,937	17,437	15,500
Public Buildings and Grounds	80,817	87,362	6,276	81,086
Engineering	21,502	21,502	5,324	16,178
Planning Board	4,664	4,664		4,664
Community Action Programs	500	500		
Group Insurance for Employees	89,112	89,112		89,112
Insurance - Other	42,172	42,172	5,038	37,134
Police	2,691	10,559	7,110	3,449
Emergency Management	83	893	810	83
Weehawken Volunteer Ambulance	12,890	12,890	10,140	2,750
Fire Inspector	280	313	8	305
Street Cleaning	17,231	18,735	1,793	16,942
Recycling	12,223	12,223	9,037	3,186
Solid Waste & Garbage Removal	68,943	68,943	34,668	34,275
Snow Removal	3,421	3,421	1,511	1,910
Public Health Services	5,853	5,853	95	5,758
Recreation	18	45		45

TOWN OF GUTTENBERG, N.J.
Schedule of 2012 Appropriation Reserves

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Celebration of Public Events	4,815	4,815		4,815
Senior Citizens Nutrition Program	5,923	5,923		5,923
Senior Citizens Transportation	3,790	4,758	968	3,790
Senior Recreation Program	5,450	5,450		5,450
Uniform Construction Code	425	425		425
License Inspector	1,391	1,391		1,391
Electricity	8,500	11,698	4,218	7,480
Street Lighting	25,440	25,440	16,503	8,937
Telephone	5,421	6,059	638	5,421
Water	874	1,227		1,227
Fire Hydrant Service	6,194	10,176	3,982	6,194
Sewerage	54	54		54
Gasoline	10,380	10,528		10,528
Postage - All Departments	11,885	13,404	1,520	11,884
Technology	6	2,785	2,779	6
Contingent	6,125	6,125		6,125
Total Other expenses Within "CAPS"	<u>609,625</u>	<u>646,557</u>	<u>150,230</u>	<u>495,827</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security (O.A.S.I.)	18,502	18,502		18,502
Consolidated Police & Firemen's Fund	915	915		915
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>19,417</u>	<u>19,417</u>		<u>19,417</u>
Total Reserves Within "CAPS"	<u>936,896</u>	<u>973,828</u>	<u>303,804</u>	<u>669,524</u>
Other Expenses Excluded From "CAPS":				
Matching Funds for Grants	10,077	10,077		10,077
Stormwater Management	32,150	32,150		32,150
North Hudson Regional Communication:	44,100	44,100	37,500	6,600
North Hudson Regional Fire and Rescue	191,987	191,987		191,987
Maintenance of Free Public Library	18,144	18,144		18,144
Total Other Expenses Excluded from "CAPS"	<u>296,458</u>	<u>296,458</u>	<u>37,500</u>	<u>258,958</u>
Total Reserves Excluded from "CAPS"	<u>296,458</u>	<u>296,458</u>	<u>37,500</u>	<u>258,958</u>
Total Reserves	<u>\$ 1,233,354</u>	<u>1,270,286</u>	<u>341,304</u>	<u>928,482</u>
Appropriation reserves		1,233,354		
Encumbrances		36,932		
		<u>\$ 1,270,286</u>		
Prior Year Prepaid Payroll Charged			152,214	
Cash Disbursements			189,090	
			<u>\$ 341,304</u>	

TOWN OF GUTTENBERG
Schedule of Reserve for Encumbrances
Current Fund
Year Ended December 31, 2013

Balance - December 31, 2012	\$	36,932
Increased by:		
2013 Encumbrances		86,630
		123,562
Decreased by:		
Transferred to appropriation reserves		36,932
Balance - December 31, 2013	\$	86,630

Schedule of Tax Overpayments
Current Fund
Year Ended December 31, 2013

Balance - December 31, 2012	\$	78,049
Increased by:		
Cash Receipts		131,420
		209,469
Decreased by:		
Cash Disbursements	\$	10,204
Cancelled to Operations		19,542
Overpayments Applied		123,458
		153,204
Balance - December 31, 2013	\$	56,265

TOWN OF GUTTENBERG

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$ 140,704
Increased by:	
2014 prepaid taxes collected	<u>173,225</u>
	313,929
Decreased by:	
Taxes realized as revenue	<u>140,704</u>
Balance - December 31, 2013	<u><u>\$ 173,225</u></u>

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

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$ <u>6,764</u>
Balance - December 31, 2013	<u><u>\$ 6,764</u></u>

TOWN OF GUTTENBERG

Schedule of Interfunds Due from/(to) Other Funds

Current Fund

Year Ended December 31, 2013

	Balance Dec. 31, <u>2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2013</u>
Trust Funds:				
Animal License Trust Fund	\$ 728	930	728	930
CDBG Trust Fund	100,414	180	75,741	24,853
Other Trust Fund	(100)	1,483	1,340	43
Escrow Trust Fund	23	9	23	9
General Capital Fund	962	114,069	11,758	103,273
Net Payroll Account	384		384	
Payroll Agency Account	75	11	75	11
	<u>\$ 102,486</u>	<u>116,682</u>	<u>90,049</u>	<u>129,119</u>
Interfunds Returned - Cash Receipts			\$ 2,173	
Grant Receipts			75,741	
Deposit errors		100,000	100	
Cash Disbursement		100		
Unexpended Balance of Budget Appropriation		3,840		
Deferred Charge Raised in 2013 Budget			1,386	
Statutory Excess Calucation		930		
Interest Earned		11,812	10,649	
		<u>\$ 116,682</u>	<u>90,049</u>	

TOWN OF GUTTENBERG

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

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012		\$	475,945
Increased by:			
Cash Receipts - Interest	\$	28	
Cash Receipts due Current Fund		<u>4,830</u>	
			<u>4,858</u>
			480,803
Decreased by:			
Cash Receipts		475,945	
Matching Budget Appropriations		<u>53,013</u>	
			<u>528,958</u>
Balance - December 31, 2013		\$	<u><u>(48,155)</u></u>

TOWN OF GUTTENBERG

Schedule of Various Reserves

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2013</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	216,453	130,263	55,754	290,962
Police Retroactive Pay	90,383			90,383
Outside Liens	24,878	1,230,443	1,025,109	230,212
	<u>\$ 602,011</u>	<u>1,360,706</u>	<u>1,080,863</u>	<u>881,854</u>
		Cash Receipts 1,230,443		
		Cash Disbursements	1,080,863	
		Transfer from 2013 Budget Appropriations 130,263		
		<u>\$ 1,360,706</u>	<u>1,080,863</u>	

TOWN OF GUTTENBERG

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$	5,258
Increased by:		
Transferred from taxes receivable		<u>418</u>
Balance - December 31, 2013	\$	<u><u>5,676</u></u>

TOWN OF GUTTENBERG

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2013

<u>Purpose</u>	Balance, Dec. 31, <u>2012</u>	2013 Budget Revenue <u>Realized</u>	<u>Received</u>	Balance, Dec. 31, <u>2013</u>
Clean Communities	\$ 640	14,607	14,607	640
Drunk Driving Enforcement Fund	3,033			3,033
Community Forestry Grant	3,000			3,000
Summer Food Program	1,871			1,871
Municipal Alliance - 2012	1,044		1,044	
Urban Enterprise Zone - Remaining Balance	4,490			4,490
Municipal Alliance - 2013		12,050	1,501	10,549
Summer Food Program		22,429	16,951	5,478
Body Armor Grant		3,253	3,253	
Drunk Driving Enforcement Fund		3,866	3,866	
Alcohol Education and Rehabilitation		950	950	
	<u>\$ 14,078</u>	<u>57,155</u>	<u>42,172</u>	<u>29,061</u>
			Cash receipts \$ 35,053	
			Unappropriated Reserves <u>7,119</u>	
			<u>\$ 42,172</u>	

TOWN OF GUTTENBERG

Schedule of Appropriated Grant Reserves

Federal and State Grant Fund

Year Ended December 31, 2013

<u>Purpose</u>	Balance, Dec. 31, 2012	Budget Appropriations	Expended	Balance, Dec. 31, 2013
Alcohol Education and Rehabilitation Fund	\$ 587			587
Alcohol Education and Rehabilitation Fund	884			884
Highway Safety Grant	509			509
Alcohol Education and Rehabilitation Fund	681			681
Emergency Management Grant	534		430	104
Drunk Driving Enforcement Fund	1,932			1,932
Drunk Driving Enforcement Fund	2,265			2,265
DMV Fines	866			866
Driving While Intoxicated	58			58
Alcohol Education Rehabilitation grant	341			341
Alcohol Education Rehabilitation grant	1,552			1,552
Drunk Driving Enforcement Fund	3,033		240	2,793
DMV Fines	700			700
Over the Limit Under Arrest	3,784			3,784
Alcohol Education and Rehabilitation Fund	1,961			1,961
Community Forestry Grant	3,000			3,000
Combating Underage Drinking	4,000			4,000
Recycling Tonnage Grant	12,773		12,773	
Recycling Tonnage Grant	14,619		10,978	3,641
Municipal Alliance - 2012	4,340		4,340	
Municipal Alliance - Match	3,123		3,123	
Summer Food Program	10,446		10,446	
DMV Fines	1,100			1,100
Clean Communities Grant	16,569		1,778	14,791
Urban Enterprise Zone - Remaining Funds	4,523			4,523
Body Armor Grant	2,613		2,613	
Alcohol Education and Rehabilitation	2,590			2,590
Municipal Alliance		12,050	3,878	8,172
Municipal Alliance - Match		3,013		3,013
Summer Food Program		22,429	9,193	13,236
Clean Communities Grant		14,607		14,607
Body Armor Grant		3,253	691	2,562
Drunk Driving Enforcement Fund		3,866		3,866
Alcohol Education and Rehabilitation		950		950
	<u>\$ 99,383</u>	<u>60,168</u>	<u>60,483</u>	<u>99,068</u>
Adopted Budget		19,169		
Matching Appropriations		3,013		
Added by N.J.S.A. 40A:4-87		37,986		
		<u>\$ 60,168</u>		
			<u>60,483</u>	

TOWN OF GUTTENBERG
Schedule of Unappropriated Grant Reserves
Federal and State Grant Fund
Year Ended December 31, 2013

<u>Purpose</u>	Balance, Dec. 31, 2012	<u>Received</u>	Appropriated in 2013 <u>Budget</u>	Balance, Dec. 31, 2013
Body Armor Replacement Fund	\$ 3,253	3,126	3,253	3,126
Recycling Tonnage Grants		14,050		14,050
Drunk Driving Enforcement Fund	<u>3,866</u>	<u> </u>	<u>3,866</u>	<u> </u>
	<u>\$ 7,119</u>	<u>17,176</u>	<u>7,119</u>	<u>17,176</u>
		Cash Receipts <u>17,176</u>		
		\$ <u>17,176</u>		

TOWN OF GUTTENBERG

Schedule of Cash - Treasurer

Trust Funds

Year Ended December 31, 2013

	Animal License <u>Fund</u>	Unemployment Compensation <u>Fund</u>	Community Development <u>Block Grant</u>	Other Trust <u>Funds</u>
Balance - December 31, 2012	\$ <u>2,246</u>	<u>34,201</u>	<u>11,254</u>	<u>481,060</u>
Increased by:				
Grant proceeds received			52,411	
Employee payroll deductions		7,747		
Budget Appropriation		15,000		
Dog License Fees	3,407			
State Fees	434			2,000
Interest earned on investments		129	180	1,492
Miscellaneous Reserves				417,766
	<u>3,841</u>	<u>22,876</u>	<u>52,591</u>	<u>421,258</u>
	<u>6,087</u>	<u>57,077</u>	<u>63,845</u>	<u>902,318</u>
Decreased by:				
State Fees	471			2,050
Interfunds	728			1,263
Animal license expenditures	300			
Unemployment Claims payable		26,204		
Miscellaneous Reserves				246,340
	<u>1,499</u>	<u>26,204</u>		<u>249,653</u>
Balance - December 31, 2013	\$ <u><u>4,588</u></u>	<u><u>30,873</u></u>	<u><u>63,845</u></u>	<u><u>652,665</u></u>

TOWN OF GUTTENBERG

Schedule of Reserve for Expenditures

Animal License Fund

Year Ended December 31, 2013

Balance - December 31, 2012		\$	1,500
Increased by:			
Dog license fees			<u>3,407</u>
			4,907
Decreased by:			
Statutory Excess	\$	930	
Reserve Expenditures		<u>300</u>	
			<u>1,230</u>
Balance - December 31, 2013		\$	<u><u>3,677</u></u>

<u>Dog License Fees Collected</u>		
2011		1,237
2012		<u>2,440</u>
	\$	<u><u>3,677</u></u>

TOWN OF GUTTENBERG

**Schedule of Due to/(from) State of New Jersey-
Animal License Fees**

Animal License Trust Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$	18
Increased by:		
2013 Fees Collected		<u>434</u>
		452
Decreased by:		
Paid to State Treasurer		<u>471</u>
Balance - December 31, 2013	\$	<u><u>(19)</u></u>

TOWN OF GUTTENBERG

Schedule of Community Development Block
Grants Receivable

Community Development Block Grant Trust Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$ 439,178
Increased by:	
Grant Awarded	<u>120,885</u>
	560,063
Decreased by:	
Cash Receipts	<u>128,152</u>
Balance - December 31, 2013	<u><u>\$ 431,911</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	24,259
Madison Street Sidewalk Upgrades - 3-03L1-12	47,589
Madison, Polk & 68th St. Improvements - 3-03K1-13	<u>120,885</u>
	<u><u>\$ 431,911</u></u>

TOWN OF GUTTENBERG

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

Community Development Block Grant Trust Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$ 350,018
Increased by:	
Grant Awarded	<u>120,885</u>
	470,903
Decreased by:	
Due to General Capital Fund	<u>52,411</u>
Balance - December 31, 2013	<u><u>\$ 418,492</u></u>

TOWN OF GUTTENBERG

Schedule of Amount Due to State of New Jersey

Other Trust Funds

Year Ended December 31, 2013

Balance - December 31, 2012		\$	604
Increased by:			
Due from Current Fund	\$	100	
Cash Receipts		<u>2,000</u>	
			<u>2,100</u>
			2,704
Decreased by:			
Cash Disbursements			<u>2,050</u>
Balance - December 31, 2013		\$	<u><u>654</u></u>

Analysis of Balance

Marriage License Fees - 4th Quarter of 2012	(25)
Marriage License Fees - 4th Quarter of 2013	425
DCA Fees	<u>254</u>
	\$ <u><u>654</u></u>

TOWN OF GUTTENBERG

Schedule of Interfunds

Trust Funds

Year Ended December 31, 2013

	Balance Due from/(to) Dec. 31, <u>2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance, from/(to) Dec. 31, <u>2013</u>
Animal License Fund:				
Other Trust Fund	\$ (728)	930	728	(930)
Community Development Block Grant Fund:				
Current Fund	(100,414)	180	75,741	(24,853)
General Capital Fund		52,411		(52,411)
Other Trust Fund:				
Escrow Trust - Current Fund	(23)	9	23	(9)
Current Fund	<u>100</u>	<u>1,483</u>	<u>1,340</u>	<u>(43)</u>
	<u>\$ (101,065)</u>	<u>55,013</u>	<u>77,832</u>	<u>(78,246)</u>
		Cash Receipts \$ 52,511		
		Grant proceeds received in Current	75,741	
		Cash Disbursements	1,991	
		Marriage License Fees deposited Current in error	100	
		Interest on Investments	1,572	
		Statutory Excess	930	
		<u>\$ 55,013</u>	<u>77,832</u>	

TOWN OF GUTTENBERG

Schedule of Miscellaneous Reserves

Other Trust Funds

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2013</u>
Reserve for:				
Accumulated Leave	\$ 87,337		26,663	60,674
Snow Removal	55,000	22,000		77,000
P.O.A.A.	9,615	9,038	17,830	823
Law Enforcement Trust	1,074	4,707	1,699	4,082
Recreation Trust	756	17,012	40	17,728
Annual Celebrations	2,700	1,175		3,875
Fire Prevention	13,613	6,796	7,397	13,012
Builders Escrow Deposits	16,416	25,934	26,938	15,412
Police Special Detail	18,803	116,505	102,485	32,823
Public Defender	29,589	5,085	8,794	25,880
Asset Forfeitures				
Justice	52,036	31,609	32,305	51,340
Treasury	16,299			16,299
Senior Citizens	2,095	7,305	5,889	3,511
Tax Sale Premiums	175,200	170,600	16,300	329,500
	<u>\$ 480,533</u>	<u>417,766</u>	<u>246,340</u>	<u>651,959</u>
		Cash Receipts		
		417,766		
		Cash Disbursements	246,340	
		<u>\$ 417,766</u>	<u>246,340</u>	

TOWN OF GUTTENBERG

**Schedule of Reserve for Unemployment
Compensation Insurance**

Unemployment Insurance Compensation Trust

Year Ended December 31, 2013

Balance - December 31, 2012		\$	34,201
Increased by:			
Employee payroll deductions	\$	7,747	
Interest earnings		129	
Budget Appropriation		<u>15,000</u>	
			<u>22,876</u>
			57,077
Decreased by:			
Payment of Unemployment Insurance claims			<u>26,204</u>
Balance - December 31, 2013		\$	<u><u>30,873</u></u>

TOWN OF GUTTENBERG

Schedule of Cash - Treasurer

General Capital Fund

Year Ended December 31, 2013

Balance - December 31, 2012		\$	2,596,966
Increased by receipts:			
Due from Federal and State Grant fund	\$	24,280	
Due to/(from) Current Fund		114,069	
Grant Receipts		201,981	
Reserve for Payment of Notes		32,829	
Budget Appropriation - Paydown on Notes		256,500	
Bond Anticipation Notes		1,235,500	
Capital Improvement Fund		700,000	
			<u>2,565,159</u>
			5,162,125
Decreased by disbursements:			
Due to/(from) Current Fund		10,372	
Bond Anticipation Notes		1,744,000	
Improvement Authorizations		811,625	
			<u>2,565,997</u>
Balance - December 31, 2013		\$	<u><u>2,596,128</u></u>

TOWN OF GUTTENBERG

Schedule of General Capital Fund Cash

General Capital Fund

Year Ended December 31, 2013

Capital Improvement Fund	\$	926,420
Due from Community Development Trust Fund		(52,411)
Reserve for Payment of Notes		506,764
Grant Receivable		(4,284,608)
Reserve for Grants Receivable		3,677,256
Due to Current Fund		103,273
Fund Balance		46,350

Improvement description

6-2008/18-2012/		
26-2013	Improvements to Waterfront Park	(17,247)
03-2010	Improvements to 71st Street	(27,437)
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
17-2012/3-2013	Improvements to 68th Street, Sec. 4	45,778
25-2013	Various Street Improvements	169,239
27-2013	Sewer Repairs - Broadway & 70th Street	744,680
		<u>744,680</u>
		\$ <u>2,596,128</u>

TOWN OF GUTTENBERG

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

General Capital Fund

Year Ended December 31, 2013

Balance - December 31, 2012		\$	2,530,924
Decreased by:			
Budget appropriations:			
Green Acres Loan	\$	30,419	
Municipal Bonds		<u>505,000</u>	
			<u>535,419</u>
Balance - December 31, 2013		\$	<u><u>1,995,505</u></u>

TOWN OF GUTTENBERG

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2013

Ordinance number	Improvement description	Balance, Dec. 31, 2012	2013 Authorizations	Decreased by:	Balance, Dec. 31, 2013	Analysis of Balance - December 31, 2013		
						Funded by Bond Anticipation Notes	Expenditures	Unexpended improvement authorization
02-2005	Various Capital Improvements	\$ 374,712		17,000	357,712	357,712		
18-2006	Various Capital Improvements	310,554		19,500	291,054	291,054		
5-2008	Various Capital Improvements	316,514		8,000	308,514	308,514		
6-2008	Improvements to Waterfront Park	284,500		10,500	274,000	274,000		
13-2008	Refunding of Tax Appeals	69,251		69,251				
14-2008	Improvements to 71st Street	5,899		1,679	4,220	4,220		
03-2010	Improvements to 71st Street, Sec. 4	30,000			30,000		27,437	2,563
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		74,481	125,519		16,601	108,918
26-2013	Improvements to Waterfront Park		23,750		23,750		17,247	6,503
		\$ 21,368,496	23,750	200,411	21,191,835	1,235,500	271,548	19,684,787
			Budget Appropriation	125,930				
			Grant Proceeds received	74,481				
			\$	200,411				19,684,787

TOWN OF GUTTENBERG
Schedule of Grants Receivable
Community Development Block Grant
General Capital Fund
Year Ended December 31, 2013

Balance - December 31, 2012	\$	339,178
Increased by:		
Grant Awards		300,000
		639,178
Decreased by:		
Due from Community Development Trust Fund	\$	52,411
Grant Awards reallocated		239,178
		291,589
 Balance - December 31, 2013	 \$	 <u>347,589</u>
<u>Analysis of Balance</u>		
		Ord. 3-2013 47,589
		Ord. 25-2013 300,000
	\$	347,589

TOWN OF GUTTENBERG

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

General Capital Fund

Year Ended December 31, 2013

Balance - December 31, 2013	\$ 100,000
Increased by:	
Grant Awards	<u>170,000</u>
	270,000
Decreased by:	
Cash Receipts	<u>201,981</u>
Balance - December 31, 2013	<u><u>\$ 68,019</u></u>

Analysis of Balance

Ord. 17-2012	25,519
Ord. 25-2013	<u>42,500</u>
	<u><u>\$ 68,019</u></u>

TOWN OF GUTTENBERG

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

General Capital Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$ <u>217,263</u>
Balance - December 31, 2013	\$ <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, 2013

Increased by:	
Grant Award	\$ <u>3,651,737</u>
Balance - December 31, 2013	\$ <u><u>3,651,737</u></u>

TOWN OF GUTTENBERG

Schedule of Interfund Receivable - Community Development Trust Fund

General Capital Fund

Year Ended December 31, 2013

Increased by:	
Grants received	\$ <u>52,411</u>
Balance - December 31, 2013	\$ <u><u>52,411</u></u>

TOWN OF GUTTENBERG

Schedule of Serial Bonds

General Capital Fund

Year Ended December 31, 2013

Purpose	Date of issue	Original issue	Maturities of bonds outstanding		Interest rate	Balance, Dec. 31, 2012	Decreased	Balance, Dec. 31, 2013
			Date	Amount				
General Obligation Bonds	Apr. 1, 1991	3,437,000	April 1, 2014-15	200,000	6.85%	\$ 797,000	200,000	597,000
			April 1, 2016	197,000				
General Obligation Bonds	Feb. 1, 2003	2,230,000	Feb. 1, 2014	240,000	3.80%	1,000,000	235,000	765,000
			Feb. 1, 2015	245,000				
			Feb. 1, 2016	280,000				
Pension Refunding Bonds	Apr. 1, 2005	755,000	April 1, 2014	80,000	5.83%	455,000	70,000	385,000
			April 1, 2015	90,000				
			April 1, 2016	100,000				
			April 1, 2017	115,000				
						\$ 2,252,000	505,000	1,747,000

TOWN OF GUTTENBERG
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2013

Balance - December 31, 2012		\$ 1,372,350
Increased by:		
Budget Appropriation		<u>700,000</u>
		2,072,350
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>1,145,930</u>
Balance - December 31, 2013		<u><u>\$ 926,420</u></u>

Schedule of Interfund Payable/(Receivable) - Due to Current Fund
General Capital Fund
Year Ended December 31, 2013

Balance - December 31, 2012		\$ 962
Increased by:		
Interest on Investments	\$ 10,229	
Unexpended Budget Appropriation - Interest on Bond Anticipation Notes	3,840	
Grant Receipts due Current	<u>100,000</u>	
		<u>114,069</u>
		115,031
Decreased by:		
Cash Disbursements	10,372	
Deferred Charge raised in 2013 Budget	<u>1,386</u>	
		<u>11,758</u>
Balance - December 31, 2013		<u><u>\$ 103,273</u></u>

TOWN OF GUTTENBERG
Schedule of Reserve for Payment of Notes
General Capital Fund
Year Ended December 31, 2013

Balance - December 31, 2012	\$	343,365
Increased by:		
Grant proceeds received	\$	32,829
Balance of budget appropriation		130,570
		163,399
Balance - December 31, 2013	\$	506,764
Reserve for payment of Notes		130,570
Ord. 15-2008		104,428
Ord. 6-2008/18-2012		271,766
	\$	506,764

Schedule of Reserve for Grants Receivable
General Capital Fund
Year Ended December 31, 2013

Balance - December 31, 2012	\$	4,090,915
Decreased by:		
Grant Awards reappropriated to Ordinance 3-2013	100,000	
Grant award cancellations	239,178	
Grant receipts transferred to reserve for payment of notes		74,481
		413,659
Balance - December 31, 2013	\$	3,677,256
Ord. 17-2012 - NJ Department of Transportation		25,519
Ord. 2-2012: Sec. 15 Educational Facilities Construction Financing Grant		3,651,737
	\$	3,677,256

TOWN OF GUTTENBERG

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2013

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, Dec. 31, 2012		Authorized	Expended	Balance, Dec. 31, 2013	
				Funded	Unfunded			Funded	Unfunded
6-2008/18-2012/ 26-2013	Improvements to Waterfront Park	Mar. 24, 2008	450,000 \$	52,518	25,000	71,015	6,503		
		Oct. 22, 2012	167,787						
		Sept. 23, 2013	25,000						
03-2010	Improvements to 71st Street	Mar. 1, 2010	115,000	4,791		2,228	2,563		
08-2011	Various Capital Improvements	Apr. 25, 2011	432,000	200,137			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	19,366,666			968,334	19,366,666	
17-2012/3-2013	Imprs. to 68th Street, Section 4	Oct. 22, 2012	250,000	108,918	120,000	57,621	62,379	108,918	
		Feb. 25, 2013	120,000						
25-2013	Various Street Improvements	Sept. 23, 2013	850,000		850,000	680,761	169,239		
27-2013	Sewer Repairs - Broadway & 70th Street	Dec. 30, 2013	744,680		744,680		744,680		
			\$	968,334	19,733,030	1,739,680	811,625	1,944,632	19,684,787
				Capital Improvement Fund	1,145,930				
				Grants Receivable	570,000				
				Deferred Charges Unfunded	23,750				
					<u>1,739,680</u>				
				Cash Disbursed			811,625		

TOWN OF GUTTENBERG

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year Ended December 31, 2013

Ordinance number	Improvement description	Balance, Dec. 31, 2012	Authorized	Decreased by:	Balance, Dec. 31, 2013
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		74,481	125,519
26-2013	Amend 18-12/6-08: Waterfront Park Imps, Phase I		23,750		23,750
		\$ 20,007,066	23,750	74,481	19,956,335

Grant Proceeds Received - New Jersey Department of Transportation

74,481

TOWN OF GUTTENBERG

PART II

LETTERS ON COMPLIANCE AND ON INTERNAL CONTROL

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Town of Guttenberg in the County of Hudson as of and for the year ended December 31, 2013 and the related notes to the financial statements, and have issued our report thereon dated April 21, 2014, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

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



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

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

Compliance and Other Matters

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

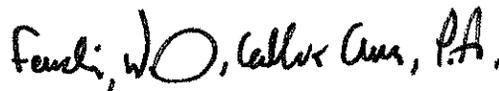
However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Town of Guttenberg in the accompanying comments and recommendations section of this report.

Purpose of this Report

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



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



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

April 21, 2014



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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Guttenberg in the County of Hudson compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The Town of Guttenberg's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Guttenberg's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Guttenberg's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



Honorable Mayor and
Members of the Town Council
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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Town of Guttenberg's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Guttenberg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the Town of Guttenberg is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Guttenberg's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Guttenberg's internal control over compliance.

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

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



Honorable Mayor and
Members of the Town Council
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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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



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

April 21, 2014

TOWN OF GUTTENBERG

Schedule of Expenditures of Federal Awards

Year ended December 31, 2013 and 2012

Federal grantor	Program	CFDA number	Grant period	Award Amount	Cash Received	Expenditures	(MEMO) Cumulative Expenditures
Current Fund:							
Department of Homeland Security							
Disaster Grants - Public Assistance (Presidentially Declaired Disasters)	Hurricane Sandy - DR 4086	97.036	10/30/2012	43,527 \$	43,257	43,257	43,257
Department of Agriculture							
Summer Food Program		10.559	2013	22,429	15,080	9,193	9,193
Summer Food Program		10.559	2012	22,866	1,871	10,446	22,866
					60,208	62,896	
	<i>Total Current Fund</i>				60,208	62,896	
Community Development Block Grant Trust Fund:							
Department of Housing and Urban Development (passed through County of Hudson):							
Community Development Block Grant:							
3-03K1-11 Polk Street & 68th St. Upgrades		14.218	2011-12	100,000	75,741		100,000
	<i>Total Trust Funds</i>				75,741		
General Capital Fund:							
Community Development Block Grant Trust Fund:							
Department of Housing and Urban Development (passed through County of Hudson):							
3-03L1-12 Imps. to 68th Street, Section 4, Ord. 17-2012		14.218	2012-13	100,000	52,411	44,062	52,411
3-03K1-09 Various Street Imps. - Ord. 25-2013		14.218	2009-10	139,178		100,000	100,000
3-03K1-10 Various Street Imps. - Ord. 25-2013		14.218	2010-11	100,000		100,000	100,000
3-03K1-13 Various Street Imps. - Ord. 25-2013		14.218	2013-14	120,885		100,000	100,000
Department of Environmental Protection							
State Parks - Recreational Trails Program	Waterfront Park	20.219	2010		25,000	25,000	25,000
Highway Planning and Construction (passed through State Department of Transportation)							
Municipal Aid - 68th Street, Section 5 - Ord. 25-2013		20.205	2013-14	170,000	127,500	170,000	170,000
Municipal Aid - 68th Street, Section 4 - Ord. 17-2012		20.205	2012-13	100,000	74,481		100,000
Municipal Aid - 68th Street, Section 3		20.205	2011-12	100,000	100,000		100,000
	<i>Total General Capital Fund</i>				379,392	539,062	
	<i>Total Federal Financial Assistance</i>			\$	515,341	601,958	

Note: This schedule was subject to an audit in accordance with OMB Circular A-133.

A - Accounts Receivable of \$7,349, appropriated grant reserve of \$13,236.

TOWN OF GUTTENBERG

Schedule of Expenditures of State Awards and Other Financial Assistance
Year ended December 31, 2013 and 2012

State grantor	Program	Grant number	Grant period	Award Amount	Cash Received	Budgetary Expenditures	(MEMO) Cumulative Expenditures	
Federal and State Grant Fund; Department of Commerce & Economic Development	Urban Enterprise Zone Assistance Fund		2011	\$ 24,038			24,005	
Department of Community Affairs	Emergency Management	066-1200-100-726	2008-09	5,000		430	4,896	
						430		
			2013	14,050	14,050			
			2012	14,599		10,978		10,958
			2011	14,554		12,773		14,554
			2012	12,442		1,778		1,778
			2011	12,628				8,501
			2005-06	7,530				7,530
			2013	14,607	14,607			
							28,657	25,529
Department of Law and Public Safety	Body Armor Grant	066-1020-718-001	2013	3,126	3,126			
			2012	2,425				
			2012	8,376		2,613		8,376
			2011	2,374		691		2,237
			2006-07	1,945				1,436
			2009-10	3,784				
			2011	1,100				
			2010	700				
			2008-09	879				13
			2009-10	4,000				
Department of Law and Public Safety	Combating Underage Drinking Drunk Driving Enforcement Fund	066-1400-100-014	2012	2,703		240	1,398	
			2008-09	3,478			1,546	
			2007-08	900				
			2008-09					
							3,126	3,544
			2012	12,491	1,044	4,340	12,491	
			Match	3,123		3,123	3,123	
			2013	12,050	1,501	3,878	3,878	
			Match	3,013		3,013	3,013	
							5,558	11,341
County of Hudson (1)	Municipal Alliance Grant Fund	100-082-2000-044	2012	12,491	1,044	4,340	12,491	
			Match	3,123		3,123	3,123	
			2013	12,050	1,501	3,878	3,878	
			Match	3,013		3,013	3,013	

TOWN OF GUTTENBERG

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2013 and 2012

State grantor	Program	Grant number	Grant period	Award Amount	Cash Received	Budgetary Expenditures	(MEMO) Cumulative Expenditures
Administrative Offices of the Courts	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2013	950	950		*
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2012	1,619			*
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2011	971			*
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2009-10	1,960			*
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2008-09	1,160			819
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2007-08	1,552			*
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2005-06	884			*
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2004-05	681			*
	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2002-03	1,358			725
		<i>Total State and Federal Grant Fund</i>			950		40,844
				38,291			*
General Capital Fund: Department of Environmental Protection	Green Acres Program - Waterfront Park Imp. - Ord. 18-2012		2012	62,263			62,263
	Green Acres Program - Waterfront Park Imp. - Ord. 6-2008		2007-08	155,000			155,000
Department of Education	Section 15 Educational Facilities Financing Act Grant Construction of Building & Imps. To the Anna L. Klein School for Community, Recreational and Educational Purposes	Ord. 2-2012	2012	3,651,737			*
							*
	<i>Total General Capital Fund</i>						*
				\$ 38,291		40,844	*

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

(1) - Passed through the State of New Jersey

A - Accounts Receivable of \$10,549, appropriated reserve of \$8,172.

B - Accounts Receivable of \$4,490, appropriated reserve of \$4,523.

**TOWN OF GUTTENBERG
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards present the activity of all federal and state financial assistance programs of the Town of Guttenberg, County of Hudson. The Town is defined in Note 1A to the Town's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting as prescribed for counties by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Note 1(B) to the Town's financial statements.

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Town's financial statements. Financial assistance awards are reported in the Town's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$62,896	\$40,844	\$103,740
General Capital Fund	<u>539,062</u>	<u> </u>	<u>539,062</u>
	<u>\$601,958</u>	<u>\$40,844</u>	<u>\$642,802</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree, in all material respect, with the amounts reported in the related federal and state financial reports. However, we noted certain differences which are reported in the accompanying schedule of findings of noncompliance and questioned costs.

NOTE 5. ADJUSTMENTS

Amounts reported in the accompanying schedules were adjusted to report the financial assistance awards as described in Note 2 Basis of Accounting.

**TOWN OF GUTTENBERG
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)**

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The Town's federal and state loans outstanding at December 31, 2013, which are not required to be reported on the schedule of expenditures of federal and state awards, are as follows:

<u>Loan Program</u>	<u>Total</u>
State of New Jersey Green Acres Bond Act	<u>\$248,505</u>

**TOWN OF GUTTENBERG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Adverse - GAAP, unmodified - regulatory basis

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

2. Material weakness(es) identified? yes X no

Noncompliance material to financial statements noted? yes X no

Federal Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes X no

Type of auditors' report on compliance for major programs: unmodified

Internal Control over compliance:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

2. Material weakness(es) identified? yes X no

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes X no

Identification of major programs:

CFDA Number(s)

14.218

Name of Federal Program or Cluster

U.S. Department of Housing and Urban
Development, Community Development
Block Grant

**TOWN OF GUTTENBERG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(continued)**

Section II - Schedule of Financial Statement Findings

None

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

None

STATUS OF PRIOR YEAR FINDINGS

None

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:

Sewer Repairs – Broadway & 70 th Street	Solid Waste Collection Services
Improvements to 68 th Street and Various Other Streets	Recyclable Materials Collection Services
Summer Food Service Program	

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 2, 2013 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 18, 2013 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, 2013	3
Year Ended December 31, 2012	3
Year Ended December 31, 2011	3

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.* Not all delinquent taxes receivable outstanding from prior years' were sold at the tax sale nor were balances investigated for propriety.
3. A review of the redemption account revealed that there were various redemption deposits but no corresponding disbursement to the lien holder appeared to have been made.
4. There were instances in which current year tax collections were erroneously deposited in the redemption account and were not corrected prior to year end.
5. There were two instances in which tax title lien premiums were removed from the lien status report as if they had been redeemed, however, there was no evidence that a refund check had been issued.
6. The 2013 Equitable Sharing Agreement and Certification report is not in agreement with the financial records of the Town.
7. Certificates of availability of funds are not being prepared and certified prior to the award of contracts in violation of N.J.A.C. 5:30-5.4.

MUNICIPAL COURT

- 1.* A review of the Court's December 2013 ATS/ACS Monthly Management Report revealed that the court is behind in the processing of tickets and/or complaints in the following categories: Tickets eligible for dismissal, tickets eligible for DSUS, tickets assigned over 180 days, tickets issued not assigned and complaints eligible for warrants.

DEPARTMENTS

Building Department:

- 1.* Permit fees are not being charged in accordance with approved fee schedules.
2. Not all daily cash collections are being posted to the cash ledger and monthly totals are not always being agreed to the amount deposited per the bank reconciliation.

TOWN OF GUTTENBERG

OTHER COMMENTS, (continued)

DEPARTMENTS, (cont.):

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.

Dog License Department:

1. State dog reports are, in some instances, not being prepared accurately resulting in a current year overpayment of fees due.

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 delinquent taxes not under a bankruptcy proceeding be reviewed for proper disposition and possible inclusion in the current years' tax sale.
3. Additional management oversight of the redemption account be taken to ensure that all redemptions made are accurate and that refunds are made within a reasonable time frame.
4. Collections per the tax system be proved to actual cash deposits on a monthly basis to ensure all tax collections are deposited in the correct account.
5. The tax title lien status report be periodically reconciled and compared to the premiums on hand in the Other Trust Fund to ensure agreement.
6. Management obtain accurate forfeiture information from the Federal Departments of Justice and Treasury and file amendments to the 2013 Equitable Sharing Agreement and Certification report to ensure agreement with the actual cash on hand.
7. Certificates of availability of funds be prepared and certified prior to the award of all contracts.

MUNICIPAL COURT

- 1.* Court personnel review the Monthly Management reports and take steps to reduce the significant number of tickets/cases outstanding.

DEPARTMENTS

Building Department:

- 1.* An updated fee ordinance be presented to the Mayor and Council for approval.
2. Procedures be implemented to ensure that all cash collections are posted to the cash receipt ledger and that monthly deposit totals per the cash book be compared and agreed to actual amounts deposited in the bank.

TOWN OF GUTTENBERG
RECOMMENDATIONS, (continued)

DEPARTMENTS, (cont.):

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.

Dog License Department:

1. Dog license reports be compared to actual licenses issued to ensure accuracy of reporting.

TOWN OF GUTTENBERG

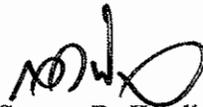
Status of Prior Year Audit Findings/Recommendations

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

Acknowledgment

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

Respectfully submitted,



Steven D. Wielkocz
Registered Municipal Accountant
No. CR00413



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

April 21, 2014