

TOWN OF GUTTENBERG

**Financial Statements With
Supplementary Information**

December 31, 2015

(With Independent Auditors' Reports Thereon)

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TOWN OF GUTTENBERG

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Town of Guttenberg in the County of Hudson, as of December 31, 2015 and 2014, 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, 2015, 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.

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Town of Guttenberg as of December 31, 2015 and 2014, 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, 2015 and 2014, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of

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revenues and expenditures for the year ended December 31, 2015 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2016 on our consideration of the Town of Guttenberg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Guttenberg's internal control over financial reporting and compliance.



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Registered Municipal Accountant
No. CR00413



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Certified Public Accountants
Pompton Lakes, New Jersey

March 10, 2016

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Current Fund:			
Cash	A-4	\$ 7,383,907	6,170,299
Due from State of New Jersey:			
Senior citizens' and veterans' deductions	A-8	<u>21,697</u>	<u>20,877</u>
		<u>7,405,604</u>	<u>6,191,176</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-5	1,746,214	1,747,627
Tax Title Liens	A-20	6,264	6,101
Revenue accounts receivable	A-6	106,520	111,993
Prepaid Local School District Tax	A-9		111,687
Interfunds Receivable:			
Animal License Trust Fund	A-17	433	13
Community Development Trust Fund	A-17	46	705
Escrow Trust Fund	A-17	18	9
Payroll Agency Account	A-17		45,663
Net Payroll Account	A-17	4,482	9,355
General Capital Fund	A-17	<u>4,116</u>	<u>34,063</u>
		<u>1,868,093</u>	<u>2,067,216</u>
Deferred Charges:			
Special Emergency Authorizations	A-7		<u>44,000</u>
		<u>9,273,697</u>	<u>8,302,392</u>
State and Federal Grant Fund:			
Cash	A-4	105,227	111,548
Over-Expenditures of Appropriated Grants	A-23	3,259	
Due from Current Fund	A-18	2,383	22,942
Grants receivable	A-22	<u>23,508</u>	<u>20,818</u>
		<u>134,377</u>	<u>155,308</u>
		<u>\$ 9,408,074</u>	<u>8,457,700</u>

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation reserves	A-3,A-12	\$ 1,210,598	1,584,589
Encumbrances payable	A-13	55,394	25,078
Tax overpayments	A-14	47,771	61,973
Prepaid taxes	A-15	166,934	218,714
School District Taxes Payable	A-9	6,769	
County Added Taxes Payable	A-11	8,087	8,103
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	360	651
Federal and State Grant Fund	A-18	2,383	22,942
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	6,419	6,419
Tax Appeals	A-19	235,418	139,162
DCA Fees Payable	A-19	2,262	
Police Retroactive Pay	A-19	124,675	
Outside Liens			
		<u>2,139,655</u>	<u>2,340,216</u>
Reserve for receivables and other assets	A	1,868,093	2,067,216
Fund balance	A-1	<u>5,265,949</u>	<u>3,894,960</u>
		<u>9,273,697</u>	<u>8,302,392</u>
State and Federal Grant Fund:			
Matching Funds for Grants		70,000	70,000
Due to State of New Jersey	A-21		3,841
Appropriated reserves	A-23	42,526	64,632
Unappropriated reserves	A-24	21,851	16,835
		<u>134,377</u>	<u>155,308</u>
		<u>\$ 9,408,074</u>	<u>8,457,700</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, 2015 and 2014

	Dec. 31, <u>2015</u>	Dec. 31, <u>2014</u>
Revenue and other income realized:		
Fund balance utilized	\$ 1,300,000	1,231,000
Miscellaneous revenue anticipated	2,411,454	2,414,991
Receipts from delinquent taxes	1,535,524	1,216,766
Receipts from current taxes	27,127,346	26,653,377
Nonbudget revenues	379,271	301,322
Other credits to income:		
Unexpended balance of appropriation reserves	1,417,894	1,310,477
Liabilities Canceled		89,119
Prepaid School Tax Realized	111,687	128,000
Interfunds Returned	89,808	104,354
	<hr/>	<hr/>
Total revenue	34,372,984	33,449,406
	<hr/>	<hr/>
Expenditures:		
Budget and emergency appropriations:		
Operations:		
Salaries and wages	4,773,426	4,643,880
Other expenses	8,806,021	8,792,433
Deferred charges and statutory expenditures	993,488	875,411
Capital improvements	115,000	700,000
Municipal debt service	1,001,581	701,537
County taxes	4,848,961	4,765,919
Due county for added taxes	8,154	8,103
Local district school taxes	11,130,559	10,830,212
Prepaid local district school taxes		111,687
Interfunds Advanced		75,584
Refunds	24,805	11,532
	<hr/>	<hr/>
Total expenditures	31,701,995	31,516,298
	<hr/>	<hr/>
Excess in Revenue	2,670,989	1,933,108

TOWN OF GUTTENBERG

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

Current Fund

Year Ended December 31, 2015 and 2014

	Dec. 31, <u>2015</u>	Dec. 31, <u>2014</u>
Statutory excess to fund balance	2,670,989	1,933,108
Fund balance - January 1,	<u>3,894,960</u>	<u>3,192,852</u>
	6,565,949	5,125,960
Decreased by utilization as anticipated revenue	<u>1,300,000</u>	<u>1,231,000</u>
Fund balance - December 31,	<u>\$ 5,265,949</u>	<u>\$ 3,894,960</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<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	35,564	10,564
Other	65,000	161,329	96,329
Fees and permits:			
Other	80,000	179,463	99,463
Fines and costs municipal court	560,000	612,061	52,061
Parking meters	85,000	99,869	14,869
Interest and costs on taxes	160,000	320,259	160,259
Interest on investments and deposits	15,000	30,842	15,842
Consolidated Municipal Property Tax Relief Aid	205,625	205,625	
Energy Receipts Tax	553,150	553,150	
Uniform Construction Code Fees	75,000	48,997	(26,003)
Public and Private Programs Offset by Revenues:			
Recycling Tonnage Grant	13,973	13,973	
Body Armor Grant	2,862	2,862	
Municipal Alliance	9,655	9,655	
Drive Sober or Get Pulled Over	5,000	5,000	
Summer Food	17,688	17,688	
Click it or Ticket	4,000	4,000	
PILOT Housing Authority	41,000	50,024	9,024
Cablevision	25,000	61,093	36,093
Total miscellaneous revenues	<u>1,942,953</u>	<u>2,411,454</u>	<u>468,501</u>
Receipts from delinquent taxes	<u>1,350,000</u>	<u>1,535,524</u>	<u>185,524</u>
Amount to be raised by taxes for support of municipal budget	<u>12,763,541</u>	<u>12,796,672</u>	<u>33,131</u>
Budget total	<u>\$ 17,356,494</u>	<u>18,043,650</u>	<u>687,156</u>
Nonbudget revenue		<u>379,271</u>	
		<u>\$ 18,422,921</u>	

TOWN OF GUTTENBERG
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2015

Analysis of Realized Revenue

Allocation of current tax collections;	
Revenue from collections	\$ <u>27,127,346</u>
Allocated to:	
Local district school tax	11,130,559
County taxes	<u>4,857,115</u>
	<u>15,987,674</u>
Balance for support of municipal budget appropriations	11,139,672
Reserve for uncollected taxes	<u>1,657,000</u>
	<u>\$ 12,796,672</u>
Receipts from:	
Delinquent tax collections	<u>\$ 1,535,524</u>

Analysis of Miscellaneous Revenue Not Anticipated

Prior Year Voided Checks	32,582
Recycling Refunds	27,444
Election Reimbursement	150
COBRA Payments	269
ADS Refunds - State Health Benefits	147,587
ADS Refunds	9,714
Death Certificates	120
Police Off Duty Administrative Fee	16,145
Bus Franchisee Fee	3,312
PILOT - Housing Authority	131,987
DMV Inspection Fines	1,147
Other	<u>8,814</u>
	<u>\$ 379,271</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Operations-within "CAPS"					
Administrative and executive:					
Salaries and wages	\$ 273,000	273,000	260,381	12,619	
Other expenses	160,000	160,000	129,218	30,782	
Elections:					
Salaries and wages	2,200	2,200	2,000	200	
Other expenses	12,500	12,500	8,514	3,986	
Financial administration:					
Salaries and wages	240,000	240,000	223,066	16,934	
Other expenses	135,000	135,000	89,765	45,235	
Assessment of taxes:					
Salaries and wages	39,000	39,000	34,137	4,863	
Other expenses	29,000	29,000	20,723	8,277	
Municipal Court:					
Salaries and wages	195,000	195,000	174,435	20,565	
Other Expenses	20,000	20,000	9,590	10,410	
Collection of taxes:					
Salaries and wages	111,000	111,000	89,730	21,270	
Other expenses	13,250	13,250	2,657	10,593	
Legal services and costs:					
Salaries and wages	94,000	94,000	89,972	4,028	
Other expenses	150,000	160,000	157,835	2,165	
Public building and grounds:					
Other expenses	170,000	170,000	114,407	55,593	
Engineering:					
Other expenses	200,000	200,000	107,105	92,895	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Municipal Land Use Law (NISA 40:55D-1):					
Planning Board:					
Salaries and wages	15,000	15,000	12,039	2,961	
Other expenses	4,500	4,500	603	3,897	
Community Action Program:					
Other expenses	10,500	10,500	10,000	500	
Insurance:					
Insurance-Other	1,978,000	1,798,000	1,668,603	129,397	
Group Insurance for Employees	555,500	555,500	554,801	699	
Insurance/Deductible	50,000	50,000		50,000	
Unemployment Insurance	15,000	15,000	15,000		
PUBLIC SAFETY:					
Police:					
Salaries and wages	2,595,000	2,710,226	2,680,226	30,000	
Other expenses	120,000	129,000	127,818	1,182	
Emergency management services:					
Other expenses	650	650	635	15	
Weehawken Volunteer Ambulance:					
Other expenses	45,000	45,000	29,120	15,880	
Fire Official/Inspector:					
Salaries and wages	85,000	85,000	79,147	5,853	
Other expenses	3,000	10,499	10,499		

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Public Works:					
Street Cleaning:					
Salaries and wages	620,000	620,000	593,533	26,467	
Other expenses	130,000	130,000	103,105	26,895	
Recycling:					
Other expenses	105,000	105,000	92,870	12,130	
Solid Waste & Garbage Removal:					
Other expenses	770,000	761,196	651,385	109,811	
Snow Removal:					
Other expenses	65,000	65,000	59,761	5,239	
Health and Welfare:					
Public Health Services:					
Other expenses	29,000	29,000	20,370	8,630	
Recreation and Education:					
Recreation:					
Salaries and wages	170,000	170,000	145,249	24,751	
Other expenses	80,000	80,000	69,610	10,390	
Celebration of public event, anniversary or holiday - other expenses	57,000	57,000	39,323	17,677	
Senior Citizens Nutrition Program:					
Salaries and wages	14,000	14,000	13,280	720	
Other expenses	35,000	35,000	32,011	2,989	
Senior Citizens Transportation:					
Salaries and wages	14,250	16,250	15,168	1,082	
Other expenses					

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Senior Recreation Program:					
Other expenses	10,000	10,000	3,780	6,220	
Uniform construction code official:					
Salaries and wages	180,000	180,000	174,699	5,301	
Other expenses	8,000	8,000	2,648	5,352	
License inspector:					
Salaries and wages	25,000	25,000	18,938	6,062	
Other expenses	2,500	2,500		2,500	
UNCLASSIFIED:					
Utilities:					
Electricity	85,000	85,000	75,867	9,133	
Street lighting	120,000	120,000	85,519	34,481	
Telephone	60,000	60,000	56,549	3,451	
Water	16,000	16,000	12,381	3,619	
Fire hydrant service	50,000	51,859	51,859		
Sewerage	22,000	22,000	18,311	3,689	
Gasoline	82,000	82,000	52,631	29,369	
Postage - all departments	30,000	30,000	27,196	2,804	
Technology	85,000	103,000	101,033	1,967	
Salary & Wage Adjustment	50,000				
Total Operations within "CAPS"	10,235,850	10,160,630	9,219,102	941,528	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Contingent	6,125	6,125		6,125	
Total Operations Including Contingent-within "CAPS"	10,241,975	10,166,755	9,219,102	947,653	
Detail:					
Salaries & Wages	4,708,200	4,773,426	4,590,832	182,594	
Other Expenses (Including Contingent)	5,533,775	5,393,329	4,628,270	765,059	
	10,241,975	10,166,755	9,219,102	947,653	
Deferred Charges and Statutory Expenditures-Municipal within "CAPS"					
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	215,000	218,952	216,952	2,000	
Public Employees Retirement system	164,256	247,524	247,524		
Police and Firemans Retirement System of N.J.	482,112	482,112	482,112		
Consolidated Police and Firemen's Pension Fund	12,000				
DCRP	900	900		900	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	874,268	949,488	946,588	2,900	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Total General Appropriations for Municipal Purposes within "CAPS"	11,116,243	11,116,243	10,165,690	950,553	
Operations-Excluded from "CAPS"					
Matching Funds for Grants	31,000	31,000		31,000	
Reserve for Tax Appeals	175,000	175,000	175,000		
911-Other Expenses	37,000	37,000	32,136	4,864	
Stormwater Management	40,000	40,000	37,256	2,744	
Health Insurance CAP Exception					
Library Service-North Bergen:					
Other expenses	181,500	181,500	180,942	558	
North Hudson Regional Communication:					
Other expenses	81,600	81,600	75,000	6,600	
North Hudson Regional Fire & Rescue:					
Other expenses	2,811,000	2,811,000	2,596,721	214,279	
Public and Private Programs Offset by Revenues					
State Recycling Grant	13,973	13,973	13,973		
Municipal Alliance	9,655	9,655	9,655		
Drunk Driving Enforcement Fund					
Summer Food	17,688	17,688	17,688		
Match	2,414	2,414	2,414		
Clean Communities					
Distracted Driving	5,000	5,000	5,000		
Click it or Ticket	4,000	4,000	4,000		
Body Armor Grant	2,862	2,862	2,862		
Total Operations-Excluded from "CAPS"	3,412,692	3,412,692	3,152,647	260,045	

TOWN OF GUTTENBERG

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Detail:					
Salaries and Wages	3,412,692	3,412,692	3,152,647	260,045	
Other Expenses	3,412,692	3,412,692	3,152,647	260,045	
Capital Improvements - Excluded from CAPS	115,000	115,000	115,000		
Capital Improvement Fund	115,000	115,000	115,000		
Total Capital Improvements - Excluded from CAPS	115,000	115,000	115,000		
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	535,000	535,000	535,000		
Payment of Bond Anticipation and Capital Notes	365,712	365,712	365,712		9,977
Interest on Bonds	60,000	60,000	50,023		
Interest on Notes	15,000	15,000	15,000		
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	35,847	35,847	35,846		1
Total Municipal Debt Service-Excluded from "CAPS"	1,011,559	1,011,559	1,001,581		9,978
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, 2015

Description	Budget	Budget after modifications	Paid or charged	Reserved	Unexpended Balance Canceled
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,583,251</u>	<u>4,583,251</u>	<u>4,313,228</u>	<u>260,045</u>	<u>9,978</u>
Subtotal General Appropriations	15,699,494	15,699,494	14,478,918	1,210,598	9,978
Reserve for Uncollected Taxes	<u>1,657,000</u>	<u>1,657,000</u>	<u>1,657,000</u>		
Total General Appropriations	<u>\$ 17,356,494</u>	<u>17,356,494</u>	<u>16,135,918</u>	<u>1,210,598</u>	<u>9,978</u>

Adopted Budget 17,329,806
 Added by N.J.S.A. 40A:4-87 26,688
\$ 17,356,494

Analysis of Paid or Charged

Deferred Charges	44,000
Reserve for Uncollected Taxes	1,657,000
Due to Federal and State Grant Fund	55,592
Reserve for Tax Appeals	175,000
Reserve for Encumbrances	55,394
Cash	14,148,932
	<u>\$ 16,135,918</u>

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Animal License Fund:			
Cash	B-1	\$ <u>6,337</u>	<u>5,869</u>
Unemployment Compensation Trust Fund:			
Cash	B-1	<u>45,589</u>	<u>34,961</u>
Community Development Block Grant Trust Fund:			
Cash	B-1	10,886	11,545
Grants receivable	B-4	<u>136,131</u>	<u>111,526</u>
		<u>147,017</u>	<u>123,071</u>
Other Trust Funds:			
Cash	B-1	1,557,000	1,029,207
Interfund Receivables:			
Due from Current Fund	B-7	<u>360</u>	<u>651</u>
		<u>1,557,360</u>	<u>1,029,858</u>
		<u>\$ 1,756,303</u>	<u>1,193,759</u>

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2015 and 2014

<u>Liabilities and Reserves</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Animal License Fund:			
Reserve for Animal License Expenditures	B-2	5,888	5,847
Due to State of New Jersey	B-3	16	9
Due to Current Fund	B-7	433	13
		<u>6,337</u>	<u>5,869</u>
Unemployment Compensation Trust Fund:			
Reserve for Expenditures	B-9	45,589	34,961
Community Development Block Grant Trust Fund:			
Reserve for Grant Expenditures	B-5	146,971	122,366
Due to Current Fund	B-7	46	705
		<u>147,017</u>	<u>123,071</u>
Other Trust Funds:			
Due to State-Marriage Licenses	B-6	1,125	500
Due to State-Construction Fees	B-6	254	254
Interfunds Payable:			
Due to Current Fund - Escrow Trust	B-7	18	9
Reserve for:			
Other Trust Deposits	B-8	1,555,963	1,029,095
		<u>1,557,360</u>	<u>1,029,858</u>
		<u>\$ 1,756,303</u>	<u>1,193,759</u>

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash:			
Checking	C-2,C-3	\$ 10,500,644	2,505,616
Grants Receivable:			
Community Development Block Grant	C-6		111,526
State of New Jersey - Dept. of Transportation	C-7	62,500	105,000
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	3,286,563	3,651,737
Deferred charges to future taxation:			
Funded	C-4	877,821	1,444,475
Unfunded	C-5	22,561,745	21,611,457
		\$ 37,506,536	29,647,074
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-10	692,000	1,227,000
Green Acres Loans Payable	C-16	185,821	217,475
Bond Anticipation notes	C-17	13,313,109	1,178,821
Capital Improvement Fund	C-11	1,720,483	1,675,483
Due to Current Fund	C-12	4,116	34,063
Reserve for Payment of Notes	C-13	1,192,331	715,631
Reserve for Grants Receivable	C-14	3,349,063	3,825,763
Improvement authorizations:			
Funded	C-15	131,975	810,946
Unfunded	C-15	16,835,612	19,915,542
Fund Balance	C-1	82,026	46,350
		\$ 37,506,536	29,647,074

There were bonds and notes authorized but not issued at December 31, 2015 and December 31, 2014 of \$9,248,636 and \$20,432,636 respectively. See exhibit C-18.

See accompanying notes to financial statements.

TOWN OF GUTTENBERG

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Balance - December 31, 2014	\$ <u>46,350</u>	<u>46,350</u>
Increased by :		
Premium received on Sale of Bond Anticipation Notes	<u>35,676</u>	<u> </u>
Balance - December 31, 2015	<u><u>\$ 82,026</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash	\$ <u>8,976</u>	<u>57,018</u>
	<u>\$ 8,976</u>	<u>57,018</u>
<u>Liabilities</u>		
Due to Current Fund - Net Payroll	\$ 4,482	9,355
Due to Current Fund - Payroll Agency		45,663
Net Payroll Payable	1,000	1,000
Withholdings Payable	<u>3,494</u>	<u>1,000</u>
	<u>\$ 8,976</u>	<u>57,018</u>

See accompanying notes to the financial statements.

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TOWN OF GUTTENBERG

Statement of General Fixed Assets-Regulatory Basis

General Fixed Assets Account Group

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Land	\$ 1,817,400	1,357,400
Buildings	3,378,500	3,378,500
Vehicles and equipment	<u>1,857,969</u>	<u>1,699,640</u>
	<u>\$ 7,053,869</u>	<u>6,435,540</u>

See accompanying notes to financial statements.

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**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 AND 2014
(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, 2015 AND 2014
(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 the 11th day of the 11th month in the current year taxes are levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Town. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(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 February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted.

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2015, the Mayor and Council approved additional revenues and appropriations of \$26,688 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, 2015 AND 2014
(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, 2015 AND 2014
(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, 2015 AND 2014
(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. Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

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

C. Recent Accounting Pronouncements, (continued)

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity's financial statement disclosures.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this Statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Town is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Town is currently reviewing what effect, if any, this Statement might have on future financial statements.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

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

C. Recent Accounting Pronouncements, (continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Town is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Town is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Town is currently reviewing what effect, if any, this Statement might have on future financial statements.

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Town is currently reviewing what effect, if any, this Statement might have on future financial statements.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

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

C. Recent Accounting Pronouncements, (continued)

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Town is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Town is currently reviewing what effects, if any, this Statement might have on future financial statements.

D. Basic Financial Statements

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

NOTE 2. PENSION PLANS

Description of Systems:

Substantially all of the Town's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 2. PENSION PLANS, (continued)

Description of Systems: (continued)

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, 2015 AND 2014
(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.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

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

Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

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

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, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

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

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

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

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

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

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

Defined Contribution Retirement Program, (continued)

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.

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>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2015	\$164,256	\$482,112	\$
2014	140,613	420,577	113
2013	142,357	439,098	805

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements. The following pension information is as of June 30, 2014 which is the latest information available. This information is eighteen months prior to December 31, 2015. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS)

At December 31, 2015, the Town had a liability of \$4,312,550 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the Town's proportion was .00023033761 percent, which was an increase of .0000422808 percent from its proportion measured as of June 30, 2013.

For the year ended December 31, 2015, the Town recognized pension expense of \$164,256. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$135,610	\$
Net difference between projected and actual earnings on pension plan investments		257,005
Changes in proportion and differences between Town contributions and proportionate share of contributions	682,593	
Town contributions subsequent to the measurement date	<u>180,455</u>	<u> </u>
Total	<u>\$998,658</u>	<u>\$257,005</u>

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$(39,323)
2017	(39,323)
2018	(39,323)
2019	24,928
Thereafter	10,968

Additional Information

Local Group Collective balances at June 30, 2014 and June 30, 2013 are as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Collective deferred outflows of resources	\$952,194,675	Not Available
Collective deferred inflows of resources	1,479,224,662	Not Available
Collective net pension liability	18,722,735,003	\$19,111,986,111
Town s Proportion	.0230337606%	.0188056856%

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which rolled forward to June 30, 2014. The total pension liability for the July 1, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.01 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bond	1.00%	2.49%
Intermediate Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Returns	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	<u>100.00%</u>	

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2014</u>		
	1% Decrease <u>4.39%</u>	At Current Discount Rate <u>5.39%</u>	1% Increase <u>6.39%</u>
Town's proportionate share of the pension liability	\$5,425,335	\$4,312,550	\$3,378,094

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2015, the Town had a liability of \$7,412,666 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the Town's proportion was .000589285547 percent, which was an increase of .0052464074 percent from its proportion measured as of June 30, 2013.

For the year ended December 31, 2015, the Town recognized pension expense of \$482,112. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$278,297	\$
Net difference between projected and actual earnings on pension plan investments		756,438
Changes in proportion and differences between Town contributions and proportionate share of contributions	584,422	
Town contributions subsequent to the measurement date	<u>458,117</u>	
Total	<u>\$1,320,836</u>	<u>\$756,438</u>

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

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

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$(135,280)
2017	(135,280)
2018	(135,280)
2019	53,829
Thereafter	9,151

Additional Information

Local Group Collective balances at June 30, 2014 and June 30, 2013 are as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Collective deferred outflows of resources	\$750,532,959	Not Available
Collective deferred inflows of resources	1,561,923,934	Not Available
Collective net pension liability	13,933,627,178	\$14,533,269,004
Town's Proportion	.0589285547%	.0536821473%

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

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

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which rolled forward to June 30, 2014. The total pension liability for the July 1, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.01 Percent
Salary Increases:	
2012-2021	3.95-8.62 Percent (based on age)
Thereafter	4.95-9.62 Percent (based on age)
Investment Rate of Return	7.90 Percent

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2014 are summarized in the following table:

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 2. PENSION PLANS, (continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bond	1.00%	2.49%
Intermediate Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Returns	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.32% and 6.45% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 2. PENSION PLANS, (continued)

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

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

recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2014		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>5.32%</u>	<u>6.32%</u>	<u>7.32%</u>
Town's proportionate share of the pension liability	\$10,267,005	\$7,412,666	\$5,053,625

Pension Plan Fiduciary Net Position

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

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 3. LONG-TERM DEBT

Long-term debt as of December 31, 2015 consisted of the following:

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2015</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$1,227,000	\$	\$535,000	\$692,000	\$577,000
Total Bonds Payable	<u>1,227,000</u>	<u> </u>	<u>535,000</u>	<u>692,000</u>	<u>577,000</u>
Other Liabilities:					
Deferred PERS/PFRS Pension					
Contribution	203,430		14,425	189,005	15,620
Green Acres Loan Obligation Debt	<u>217,475</u>		<u>31,654</u>	<u>185,821</u>	<u>32,291</u>
Total Other Liabilities	<u>420,905</u>		<u>46,079</u>	<u>374,826</u>	<u>47,911</u>
	<u>\$1,647,905</u>	<u>\$</u>	<u>\$581,079</u>	<u>\$1,066,826</u>	<u>\$624,911</u>

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Issued-general-bonds, loans and notes	\$14,190,930	\$2,623,296	\$3,231,005
Authorized but not issued-general-bonds and notes	<u>9,248,636</u>	<u>20,432,636</u>	<u>19,956,335</u>
	23,439,566	23,055,932	23,187,340
Less funds on hand to pay debt and other deductions	<u>1,192,331</u>	<u>715,631</u>	<u>891,764</u>
Net bonds and notes issued and authorized but not issued	<u>\$22,247,235</u>	<u>\$22,340,301</u>	<u>\$22,295,576</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 2.49%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General debt	\$23,439,566	\$1,192,331	\$22,247,235
School debt	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	<u>\$23,439,566</u>	<u>\$1,192,331</u>	<u>\$22,247,235</u>

Net debt of \$22,247,235 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$893,900,050 equals 2.49%.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(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)	\$31,286,502
Net Debt	<u>22,247,236</u>
Remaining borrowing power	<u>\$9,039,266</u>

The Town's long-term debt consisted of the following at December 31, 2015:

Paid by Current Fund:

\$2,230,000 General obligation bonds - 3.60%-4.00%, issued February 1, 2013, due through February 1, 2016	\$280,000
\$3,437,000 General serial bonds - 6.85% general serial bonds issued April 1, 1991, due through April 1, 2016	197,000
\$755,000 Pension Refunding Bonds - Term Bond - 5.83% issued April 1, 1991, sinking fund redemptions due through April 1, 2017	<u>215,000</u>
	<u>\$692,000</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>
2016	\$598,967	\$577,000	\$21,967
2017	<u>118,352</u>	<u>115,000</u>	<u>3,352</u>
	<u>\$717,319</u>	<u>\$692,000</u>	<u>\$25,319</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, 2015 AND 2014
(CONTINUED)**

NOTE 3. LONG-TERM DEBT, (continued)

At December 31, 2015, the Town had authorized but not issued debt as follows:

General Capital Fund	<u>\$9,248,636</u>
----------------------	--------------------

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>
2016	\$35,847	\$32,291	\$3,556
2017	35,847	32,940	2,907
2018	35,846	33,601	2,245
2019	35,846	34,277	1,569
2020-2021	<u>53,770</u>	<u>52,712</u>	<u>1,058</u>
	<u>\$197,156</u>	<u>\$185,821</u>	<u>\$11,335</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, 2015 AND 2014
(CONTINUED)**

NOTE 5. BOND ANTICIPATION NOTES, (continued)

On December 31, 2015, the Town had \$13,313,109 outstanding General Capital Fund bond anticipation notes due on March 8, 2016 at an interest rate of 1.25% and 1.00%. The notes were renewed for another one year period on March 17, 2016 at an interest rate of 2.00%.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>General Capital Notes Payable</u>				
PNC Bank	\$1,178,821	\$	\$1,178,821	\$0
Janney Montgomery Scott, LLC		813,109		813,109
TD Securities LLC	_____	<u>12,500,000</u>	_____	<u>12,500,000</u>
	<u>\$1,178,821</u>	<u>\$13,313,109</u>	<u>\$1,178,821</u>	<u>\$13,313,109</u>

NOTE 6. FUND BALANCE APPROPRIATED

There was \$1,051,000 of fund balance appropriated as anticipated revenue in the 2016 Current Fund budget.

NOTE 7. ACCRUED SICK AND VACATION BENEFITS

The Town no longer permits employees to accrue unused sick and vacation pay; therefore, there is no liability for unpaid compensation at December 31, 2015.

NOTE 8. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2015 and 2014, \$0- of the Town's bank balance of \$19,346,588 and \$10,337,756, respectively, was exposed to custodial credit risk.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 8. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

NOTE 9. FIXED ASSETS

The following is a summary of charges in the General Fixed Assets Account Group as of December 31, 2015.

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2015</u>
Land	\$1,357,400	\$460,000	\$	\$1,817,400
Building	3,378,500			3,378,500
Equipment	<u>1,699,640</u>	<u>166,837</u>	<u>8,508</u>	<u>1,857,969</u>
	<u>\$6,435,540</u>	<u>\$626,837</u>	<u>\$8,508</u>	<u>\$7,053,869</u>

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 10. DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2015 consist of the following:

\$4,116	Due to the Current Fund from the General Capital Fund for interest earnings not turned over and the unexpended balance of the budget appropriation for interest on notes.
46	Due to the Current Fund from the Community Development Trust Fund for current year interest earnings.
360	Due from the Current Fund to the Other Trust Fund for deposits made in error, less interest earned.
2,383	Due to the Federal and State Grant Fund from the Current Fund for grant revenue collected less expenditures made and interest earned.
433	Due to the Current Fund from the Animal License Trust Fund for the current year statutory excess calculation and interest earnings.
18	Due to the Current Fund from the Escrow Trust Fund for accumulated interest earnings due to the Town.
<u>4,482</u>	Due to the Current Fund from Net Payroll Account for the unallocated balance in the account.
<u>\$11,838</u>	

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

NOTE 11. 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.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 11. OTHER POST RETIREMENT BENEFITS, (continued)

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.

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>.

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 11. OTHER POST RETIREMENT BENEFITS, (continued)

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, 2015 were as follows:

The Town of Guttenberg's contributions to SHBP for post-retirement benefits for the year ended December 31, 2015 was \$513,615 and for December 31, 2014 was \$481,876, which equaled the required contribution for the year.

NOTE 12. CONTINGENT LIABILITIES

A. Grants

The Town received financial assistance from the State of New Jersey and the U.S. Government in the form of grants and revenue sharing entitlements. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. During 2015, the Town is subject to the requirements of the Single Audit Act Amendments of 1996 which mandated that all Federal grant revenues and expenditures be audited in conjunction with a municipal audit. In addition, substantially all State grants, entitlements and cost reimbursements are subject to financial and compliance audits by the grantors.

B. Other Litigation

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

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. NORTH HUDSON REGIONAL FIRE AND RESCUE

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

Background of the Agreement

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

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

**TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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

Required Contributions by the Town

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

The Town was required to contribute \$1,500,000 annually to the NHRFR. This annual contribution is subject to an increase based on the percentage of increase of the total fire and rescue related appropriations over the base year (SFY 1998) of the Other Municipalities. The Agreement also contains provisions for cost and budget balance allocations, and a growth value adjustment to be made in calendar year 2001, but these provisions do not pertain to the Town. As of December 31, 2015, the town budgeted \$2,811,000 and contributed \$2,596,721.

NOTE 15. TAXES COLLECTED IN ADVANCE

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

	Balance December 31, <u>2015</u>	Balance December 31, <u>2014</u>
Prepaid Taxes	<u>\$166,934</u>	<u>\$218,714</u>
Cash Liability for Taxes Collected in Advance	<u>\$169,934</u>	<u>\$218,714</u>

NOTE 16. 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, 2015, the Town did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

TOWN OF GUTTENBERG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 16. RISK MANAGEMENT, (continued)

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

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

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

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

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

NOTE 17. SUBSEQUENT EVENT

The Town has evaluated subsequent events through March 10, 2016, the date which the financial statements were available to be issued, and besides the item described below, no other items were noted for disclosure.

SUPPLEMENTARY DATA

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TOWN OF GUTTENBERG

Supplementary Data

Official in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Name of corporate surety</u>
Gerald Drasheff	Mayor		
Alfonso Caso	Councilman		
Donna Florio	Councilwoman		
Monica Fundora	Councilwoman		
John D. Habermann	Councilman		
Efrain Velez	Councilman		
Charles P. Daglian	Town Attorney		
Michael Caliguero	Town Administrator/Public Safety Director		
Vincent Buono	Chief Financial Officer	1,000,000	(A)
Nicholas Goldsack	Tax Collector/Treasurer	1,000,000	(A)
Alberto Cabrera	Town Clerk	1,000,000	(A)
Ann Setliff	Deputy Tax Collector	1,000,000	(A)
Ashley Mazure	Court Administrator	1,000,000	(A)
Andres Portillo	Deputy Court Administrator	1,000,000	(A)
Maria Rodriguez	Violations Clerk	1,000,000	(A)

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

TOWN OF GUTTENBERG

Supplementary Data

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax rate	3.620	3.540	3.483
Apportionment of tax rate:			
Local school	1.402	1.358	1.307
County	0.611	0.599	0.615
Municipal	1.607	1.583	1.561

Assessed valuation:

Year ended Dec. 31, 2015	\$	796,783,400
Year ended Dec. 31, 2014		800,475,800
Year ended Dec. 31, 2013		800,942,308

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, 2015	\$ 28,798,597	27,127,346	94.20%
Year ended Dec. 31, 2014	28,275,567	26,653,377	94.26%
Year ended Dec. 31, 2013	27,896,822	26,426,541	94.73%

TOWN OF GUTTENBERG

Supplementary Data

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of tax title liens</u>	<u>Amount of delinquent taxes</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
Year ended Dec. 31, 2015	6,264	1,746,214	1,752,478	6.09%
Year ended Dec. 31, 2014	6,101	1,747,627	1,753,728	6.20%
Year ended Dec. 31, 2013	5,676	1,448,133	1,453,809	5.21%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2015 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>
2015	\$ None
2014	None
2013	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, 2015	\$ 5,265,949
	Dec. 31, 2014	3,894,960
	Dec. 31, 2013	3,192,852
	Dec. 31, 2012	2,684,892
	Dec. 31, 2011	2,429,191
		1,051,000
		1,300,000
		1,231,000
		1,300,000
		1,250,000

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TOWN OF GUTTENBERG

Schedule of Cash - Collector/Treasurer

Current Fund

Year Ended December 31, 2015

	Regular <u>Fund</u>	Federal and State Grant <u>Fund</u>
Balance - December 31, 2014	\$ 6,170,299	111,548
Increased by receipts:		
Revenue accounts receivable	2,358,276	
Miscellaneous revenues not anticipated	379,271	
Taxes receivable	28,406,785	
Senior citizens and veterans deductions	21,930	
Prepaid Taxes	166,934	
Interfunds	93,411	
Tax Overpayments	165,000	
Various Reserves	380,022	
Grants Receivable		33,653
Due from Current Fund		23,337
Unappropriated reserves		21,851
	<u>31,971,629</u>	<u>78,841</u>
	<u>38,141,928</u>	<u>190,389</u>
Decreased by disbursements:		
2015 budget appropriations	14,148,932	
2014 appropriation reserves	191,773	
Tax overpayment refunds	164,581	
Local district school tax	11,012,103	
County taxes	4,848,961	
County added taxes	8,170	
Due to Federal and State Grant Fund	22,942	
Various Reserves	331,829	
Refund of Prior Year Revenue	24,805	
Interfunds	3,925	
Excess Grant Proceeds - Paid to State		3,841
Due to Current Fund		364
Appropriated Reserves		80,957
	<u>30,758,021</u>	<u>85,162</u>
Balance, December 31, 2015	<u>\$ 7,383,907</u>	<u>105,227</u>

TOWN OF GUTTENBERG

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2015

Year	Balance, Dec. 31, 2013	2015 Levy	Added 2015 Levy	Collected 2014	2015	Senior & Veteran's Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2015
2011	\$ 4,400								4,400
2012	39,783				38,351			2,071	39,783
2013	183,681				1,497,173			6,154	143,259
2014	1,519,763								16,436
	<u>1,747,627</u>				<u>1,535,524</u>			<u>8,225</u>	<u>203,878</u>
2015		28,750,296	48,301	218,714	26,885,882	22,750	163	128,752	1,542,336
	<u>\$ 1,747,627</u>	<u>28,750,296</u>	<u>48,301</u>	<u>218,714</u>	<u>28,421,406</u>	<u>22,750</u>	<u>163</u>	<u>136,977</u>	<u>1,746,214</u>

Overpayments Applied	14,621
Cash Receipts	28,406,785
	<u>\$ 28,421,406</u>

Analysis of 2015 Tax Levy

Tax yield:

General property tax	\$ 28,750,296
Added tax (R.S. 54:4-63.1 et seq.)	48,301
	<u>\$ 28,798,597</u>

Tax levy:

Local district school tax (abstract)	\$ 11,130,559
County tax (abstract)	4,848,961
Added taxes (R.S. 54:4-63.1 et seq.)	8,154
Local tax for municipal purpose (abstract)	12,763,541
Additional tax levies/(Deductions)	47,382
	<u>\$ 28,798,597</u>

TOWN OF GUTTENBERG
Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Accrued in 2015	<u>Collected</u>	Balance, Dec. 31, <u>2015</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	35,564	35,564	
Other		161,329	161,329	
Fees and permits		179,463	179,463	
Construction Code Official-fees and permits		114,747	48,997	65,750
Municipal Court fines and costs	48,447	604,384	612,061	40,770
Parking meters		99,869	99,869	
Interest and cost on taxes		320,259	320,259	
Interest on investments		30,842	30,842	
Consolidated Municipal Property Tax Relief		205,625	205,625	
Energy Receipts Tax		553,150	553,150	
PILOT Housing Authority	63,546		63,546	
Cablevision		50,024	50,024	
Verizon		61,093	61,093	
	<u>\$ 111,993</u>	<u>2,416,349</u>	<u>2,421,822</u>	<u>106,520</u>
		Cash - Budgeted Revenue	2,358,276	
		MRNA	63,546	
		\$	<u>2,421,822</u>	

TOWN OF GUTTENBERG

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

Current Fund

Year Ended December 31, 2015

<u>Purpose</u>	<u>Date</u>	<u>Amount Authorized</u>	<u>Not Less Than 1/5 of Amount Authorized</u>	<u>Balance, Dec. 31, 2014</u>	<u>Decreased</u>
Revaluation of Real Property	Aug. 26, 2010	220,000	44,000	44,000	44,000
				\$ 44,000	44,000

TOWN OF GUTTENBERG

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

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$ 20,877
Increased by:	
Senior citizens' and veterans' deductions per tax billings	<u>22,750</u>
	43,627
Decreased by:	
Cash received	<u>21,930</u>
Balance - December 31, 2015	<u><u>\$ 21,697</u></u>

Schedule of (Prepaid) Local District School Taxes Payable

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$ (111,687)
Increased by:	
2015 Levy	<u>11,130,559</u>
	11,018,872
Decreased by:	
Cash Disbursed	<u>11,012,103</u>
Balance - December 31, 2015	<u><u>\$ 6,769</u></u>

Exhibit A-10

TOWN OF GUTTENBERG
Schedule of County Taxes Payable
Current Fund
Year Ended December 31, 2015

Increased by:	
County Tax Levy	\$ <u>4,848,961</u>
Decreased by:	
Cash Disbursed	\$ <u><u>4,848,961</u></u>

Exhibit A-11

**Schedule of Due County for Added
and Omitted Taxes**
Current Fund
Year Ended December 31, 2015

Balance - December 31, 2014	\$ 8,103
Increased by:	
2015 Added Levy	<u>8,154</u>
	16,257
Decreased by:	
Cash Disbursed	<u>8,170</u>
Balance - December 31, 2015	\$ <u><u>8,087</u></u>

TOWN OF GUTTENBERG, N.J.
Schedule of 2014 Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 11,253	11,253		11,253
Elections	100	100		100
Financial Administration	9,262	9,262		9,262
Collection of Taxes	5,613	5,613		5,613
Assessment of Taxes	578	578		578
Municipal Court	5,007	5,007		5,007
Legal Services	5,247	5,247		5,247
Planning Board	2,130	2,130		2,130
Police	108,963	108,963	72,188	36,775
Fire Inspector	7,164	7,164		7,164
Street Cleaning	6,994	6,994		6,994
Recreation	7,646	7,646		7,646
Senior Citizens Nutrition Program	25	25		25
Senior Citizens Transportation	45,169	45,169		45,169
Uniform Construction Code	44,005	44,005		44,005
License Inspector	9,425	9,425		9,425
Salary and Wage Adjustment	50,000	50,000		50,000
	<u>318,581</u>	<u>318,581</u>	<u>72,188</u>	<u>246,393</u>
Total Salaries and Wages Within "CAPS"				
Other Expenses Within "CAPS":				
Administrative and Executive	33,505	34,452	1,339	33,113
Elections	3,801	3,801		3,801
Financial Administration	50,084	50,637	23,094	27,543
Collection of Taxes	9,663	9,663		9,663
Assessment of Taxes	14,874	14,874		14,874
Municipal Court	9,178	9,417	2,977	6,440
Legal Services	25,840	25,840	10,217	15,623
Public Buildings and Grounds	24,644	27,330	4,319	23,011
Engineering	28,622	28,622	16,075	12,547
Planning Board	4,360	4,360		4,360
Community Action Programs	500	500		500
Group Insurance for Employees	429,849	429,849		429,849
Insurance - Other	60,315	60,315	2,340	57,975
Police	8,351	20,328	18,626	1,702
Emergency Management	235	310	75	235
Weehawken Volunteer Ambulance	14,645	14,645	10,530	4,115
Fire Inspector	809	954	145	809
Street Cleaning	5,255	8,557	4,744	3,813
Recycling	6,013	6,013		6,013
Solid Waste & Garbage Removal	115,616	115,616		115,616
Snow Removal	5,885	9,945	4,058	5,887
Public Health Services	9,752	9,752	6,711	3,041
Recreation	2,020	3,114	2,344	770

TOWN OF GUTTENBERG, N.J.

Schedule of 2014 Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Balance after Transfers	Paid or Charged	Balance Lapsed
Celebration of Public Events	18,513	18,513	5,625	12,888
Senior Citizens Nutrition Program	3	3		3
Senior Citizens Transportation	2,071	2,071	432	1,639
Senior Recreation Program	4,532	4,532		4,532
Uniform Construction Code	3,668	3,668		3,668
License Inspector	2,075	2,075		2,075
Electricity	14,159	14,159	2,829	11,330
Street Lighting	25,755	25,755		25,755
Telephone	10,021	10,021	30	9,991
Water	6,792	6,792	614	6,178
Fire Hydrant Service	1	1		1
Sewerage	3,681	3,681		3,681
Gasoline	10,798	10,798		10,798
Postage - All Departments	6,765	6,765	1,967	4,798
Technology	13,081	13,081		13,081
Contingent	6,125	6,125		6,125
Total Other expenses Within "CAPS"	991,856	1,016,934	119,091	897,843
Deferred Charges and Statutory Expenditures				
Within "CAPS":				
Social Security (O.A.S.I.)	18,054	18,054	494	17,560
Consolidated Police & Firemen's Fund	12,000	12,000		12,000
Police and Firemans Retirement System of N.J.	27,072	27,072		27,072
Public Employees Retirement system	15,249	15,249		15,249
DCRP	787	787		787
Total Deferred Charges and Statutory				
Expenditures Within "CAPS"	73,162	73,162	494	72,668
Total Reserves Within "CAPS"	1,383,599	1,408,677	191,773	1,216,904
Other Expenses Excluded From "CAPS":				
911 - Other Taxes	8,026	8,026		8,026
Stormwater Management	12,122	12,122		12,122
North Hudson Regional Communication:	6,600	6,600		6,600
North Hudson Regional Fire and Rescue	173,725	173,725		173,725
Library Services-North Bergen	517	517		517
Total Other Expenses Excluded from "CAPS"	200,990	200,990		200,990
Total Reserves Excluded from "CAPS"	200,990	200,990		200,990
Total Reserves	\$ 1,584,589	1,609,667	191,773	1,417,894
Appropriation reserves		1,584,589		
Encumbrances		25,078		
		\$ 1,609,667		
		Cash Disbursements	191,773	
			\$ 191,773	

TOWN OF GUTTENBERG
Schedule of Reserve for Encumbrances
Current Fund
Year Ended December 31, 2015

Balance - December 31, 2014	\$	25,078
Increased by:		
2015 Encumbrances		55,394
		80,472
Decreased by:		
Transferred to appropriation reserves		25,078
Balance - December 31, 2015	\$	55,394

Schedule of Tax Overpayments
Current Fund
Year Ended December 31, 2015

Balance - December 31, 2014	\$	61,973
Increased by:		
Cash Receipts		165,000
		226,973
Decreased by:		
Cash Disbursements	\$	164,581
Overpayments Applied		14,621
		179,202
Balance - December 31, 2015	\$	47,771

Exhibit A-15

TOWN OF GUTTENBERG

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$	218,714
Increased by:		
2016 prepaid taxes collected		<u>166,934</u>
		385,648
Decreased by:		
Applied to 2015 Taxes		<u>218,714</u>
Balance - December 31, 2015	\$	<u><u>166,934</u></u>

Exhibit A-16

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

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$	<u>6,764</u>
Balance - December 31, 2015	\$	<u><u>6,764</u></u>

TOWN OF GUTTENBERG
Schedule of Interfunds Due from/(to) Other Funds

Current Fund

Year Ended December 31, 2015

	Balance Dec. 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2015</u>
Trust Funds:				
Animal License Trust Fund	\$ 13	453	33	433
CDBG Trust Fund	705	46	705	46
Other Trust Fund	(651)	3,719	3,428	(360)
Escrow Trust Fund	9	18	9	18
General Capital Fund	34,063	8,406	38,353	4,116
Net Payroll Account	9,355	4,482	9,355	4,482
Payroll Agency Account	45,663		45,663	
	<u>\$ 89,157</u>	<u>17,124</u>	<u>97,546</u>	<u>8,735</u>
Interfunds Returned - Cash Receipts \$ 89,808				
Cash Disbursements		3,925		
Cash Receipts			3,603	
Statutory Excess Calculation		431		
Unallocated Balance in Net Payroll		4,482		
Interest Earned		8,286	4,135	
		<u>\$ 17,124</u>	<u>97,546</u>	

TOWN OF GUTTENBERG

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

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014		\$	(22,942)
Increased by:			
Matching Budget Appropriations	\$	2,414	
Cash Receipts		<u>364</u>	
			<u>2,778</u>
			(25,720)
Decreased by:			
Cash Disbursements		22,942	
Interest earned on Investments		<u>395</u>	
			<u>23,337</u>
Balance - December 31, 2015		\$	<u><u>(2,383)</u></u>

TOWN OF GUTTENBERG

Schedule of Various Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2015</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	6,419			6,419
Tax Appeals	139,162	175,000	78,744	235,418
DCA Fees Payable		5,969	3,707	2,262
Outside Liens		374,053	249,378	124,675
	<u>\$ 411,402</u>	<u>555,022</u>	<u>331,829</u>	<u>634,595</u>
		Cash Receipts 380,022		
		Cash Disbursements	331,829	
		Transfer from 2015 Budget Appropriations 175,000		
		<u>\$ 555,022</u>	<u>331,829</u>	

Exhibit A-20

TOWN OF GUTTENBERG

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$	6,101
Increased by:		
Transferred from taxes receivable		<u>163</u>
Balance - December 31, 2015	\$	<u><u>6,264</u></u>

Exhibit A-21

Schedule of Due to State of New Jersey

Federal and State Grant Fund

Year Ended December 31, 2015

Balance - December 31,	\$	<u>3,841</u>
Decreased by:		
Cash Disbursements	\$	<u><u>3,841</u></u>

TOWN OF GUTTENBERG

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Purpose</u>	Balance, Dec. 31, <u>2014</u>	2015 Budget Revenue <u>Realized</u>	<u>Received</u>	Balance, Dec. 31, <u>2015</u>
Clean Communities	\$ 640			640
Drunk Driving Enforcement Fund	3,033			3,033
Community Forestry Grant	3,000			3,000
Urban Enterprise Zone - Remaining Balance	4,490			4,490
Body Armor Grant		2,862	2,862	
Municipal Alliance	9,655	9,655	9,655	9,655
Summer Food Program		17,688	15,073	2,615
Recycling Tonnage Grant		13,973	13,973	
Click it or Ticket		4,000	4,000	
Drive Sober or Get Pulled Over		5,000	4,925	75
	<u>\$ 20,818</u>	<u>53,178</u>	<u>50,488</u>	<u>23,508</u>

Cash receipts	\$ 33,653
Unappropriated Reserves	<u>16,835</u>
	<u>\$ 50,488</u>

TOWN OF GUTTENBERG

Schedule of Appropriated Grant Reserves

Federal and State Grant Fund

Year Ended December 31, 2015

Purpose	Balance, Dec. 31, 2014	Budget Appropriations	Expended	Over - Expenditures	Balance, Dec. 31, 2015
Alcohol Education and Rehabilitation Fund	\$ 598		598		
Highway Safety Grant	390				390
Drive Sober or Get Pulled Over		5,000	5,658	(658)	
Drunk Driving Enforcement Fund	1,170		1,170		
DMV Fines	481		481		
Alcohol Education Rehabilitation grant	341		341		
Alcohol Education Rehabilitation grant	1,552		1,552		
Drunk Driving Enforcement Fund	2,793		2,793		
DMV Fines	700		700		
Over the Limit Under Arrest	3,784		2,400		1,384
Alcohol Education and Rehabilitation Fund	1,961		1,961		
Summer Food Program			(3,841)		3,841
Community Forestry Grant	3,000				3,000
Combating Underage Drinking	4,000		545		3,455
Recycling Tonnage Grant		13,973	9,028		4,945
DMV Fines	1,100		1,100		
Urban Enterprise Zone - Remaining Funds	4,523		4,074		449
Alcohol Education and Rehabilitation	2,590		1,471		1,119
Municipal Alliance		9,655	6,301		3,354
Municipal Alliance - Match		2,414			2,414
Summer Food Program		17,688	13,003		4,685
Body Armor Grant		2,862	5,463	(2,601)	
Drunk Driving Enforcement Fund	3,866		3,866		
Alcohol Education and Rehabilitation	950				950
Municipal Alliance	8,430		8,430		
Summer Food Program	186				186
Clean Communities Grant	10,706		(112)		10,818
Body Armor Grant	732		732		
Drunk Driving Enforcement Fund	1,792		1,792		
Alcohol Education and Rehabilitation Grant	1,536				1,536
Recycling Tonnage Grant	7,451		7,451		
Click it or Ticket		4,000	4,000		
	<u>\$ 64,632</u>	<u>55,592</u>	<u>80,957</u>	<u>(3,259)</u>	<u>42,526</u>
Adopted Budget		26,490			
Matching Appropriations		2,414			
Added by N.J.S.A. 40A:4-87		26,688			
		<u>\$ 55,592</u>			
Cash Disbursements			<u>\$ 80,957</u>		

TOWN OF GUTTENBERG

Schedule of Unappropriated Grant Reserves

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Purpose</u>	Balance, Dec. 31, <u>2014</u>	<u>Received</u>	Appropriated in 2015 <u>Budget</u>	Balance, Dec. 31, <u>2015</u>
Body Armor Replacement Fund	\$ 2,862		2,862	
Recycling Tonnage Grants	13,973		13,973	
Body Armor Replacement Fund		2,436		2,436
Alcohol Education and Rehabilitation		2,711		2,711
Clean Communities		16,704		16,704
	<u>\$ 16,835</u>	<u>21,851</u>	<u>16,835</u>	<u>21,851</u>
Cash Receipts		<u>21,851</u>		
		<u>\$ 21,851</u>		

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TOWN OF GUTTENBERG

Schedule of Cash - Treasurer

Trust Funds

Year Ended December 31, 2015

	Animal License Fund	Unemployment Compensation Fund	Community Development Block Grant	Other Trust Funds
Balance - December 31, 2014	\$ 5,869	34,961	11,545	1,029,207
Increased by:				
Grant proceeds received			111,526	
Employee payroll deductions		8,705		
Budget Appropriation		15,000		
Dog License Fees	2,572			
State Fees	313			2,025
Interest earned on investments	22	145	46	2,586
Interfunds				651
Prior Year Voided Check		815		
Miscellaneous Reserves				1,113,648
	<u>2,907</u>	<u>24,665</u>	<u>111,572</u>	<u>1,118,910</u>
	<u>8,776</u>	<u>59,626</u>	<u>123,117</u>	<u>2,148,117</u>
Decreased by:				
State Fees	306			900
Interfunds	33		112,231	3,437
Animal license expenditures	2,100			
Unemployment Claims payable		14,037		
Miscellaneous Reserves				586,780
	<u>2,439</u>	<u>14,037</u>	<u>112,231</u>	<u>591,117</u>
Balance - December 31, 2015	<u>\$ 6,337</u>	<u>45,589</u>	<u>10,886</u>	<u>1,557,000</u>

TOWN OF GUTTENBERG

Schedule of Reserve for Expenditures

Animal License Fund

Year Ended December 31, 2015

Balance - December 31, 2014		\$	5,847
Increased by:			
License Fees	\$	2,557	
Miscellaneous Fees		<u>15</u>	
			<u>2,572</u>
			8,419
Decreased by:			
Statutory Excess	\$	431	
Reserve Expenditures		<u>2,100</u>	
			<u>2,531</u>
Balance - December 31, 2015		\$	<u><u>5,888</u></u>

Dog License Fees Collected

2013	3,407
2014	<u>2,481</u>
	\$ <u><u>5,888</u></u>

TOWN OF GUTTENBERG

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

Animal License Trust Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$	9
Increased by:		
2015 Fees Collected		<u>313</u>
		322
Decreased by:		
Paid to State Treasurer		<u>306</u>
Balance - December 31, 2015	\$	<u><u>16</u></u>

TOWN OF GUTTENBERG

**Schedule of Community Development Block
Grants Receivable**

Community Development Block Grant Trust Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$ 111,526
Increased by:	
Grant Awarded	<u>136,131</u>
	247,657
Decreased by:	
Cash Receipts - Due to General Capital Fund	<u>111,526</u>
Balance - December 31, 2015	<u><u>\$ 136,131</u></u>
<u>Analysis of Balance</u>	
Community Center - 3-03E1-15	<u>136,131</u>
	<u><u>\$ 136,131</u></u>

TOWN OF GUTTENBERG

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

Community Development Block Grant Trust Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$	122,366
Increased by:		
Grant Awarded		<u>136,131</u>
		258,497
Decreased by:		
Due to General Capital Fund		<u>111,526</u>
Balance - December 31, 2015	\$	<u><u>146,971</u></u>

TOWN OF GUTTENBERG

Schedule of Amount Due to State of New Jersey

Other Trust Funds

Year Ended December 31, 2015

Balance - December 31, 2014		\$	754
Increased by:			
Cash Receipts			<u>2,025</u>
			2,779
Decreased by:			
Due to Current Fund	\$	500	
Cash Disbursements		<u>900</u>	
			<u>1,400</u>
Balance - December 31, 2015		\$	<u><u>1,379</u></u>

Analysis of Balance

Marriage License Fees - 1st Quarter of 2015	525
Marriage License Fees - 3rd Quarter of 2015	75
Marriage License Fees - 4th Quarter of 2015	525
DCA Fees	<u>254</u>
	\$ <u><u>1,379</u></u>

TOWN OF GUTTENBERG

Schedule of Interfunds

Trust Funds

Year Ended December 31, 2015

	Balance Due from/(to) Dec. 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance, from/(to) Dec. 31, <u>2015</u>
Animal License Fund:				
Other Trust Fund	\$ (13)	453	33	(433)
Community Development Block Grant Fund:				
Current Fund	(705)	46	705	(46)
Other Trust Fund:				
Escrow Trust - Current Fund	(9)	18	9	(18)
Current Fund	<u>651</u>	<u>3,719</u>	<u>3,428</u>	<u>360</u>
	<u>\$ (76)</u>	<u>4,236</u>	<u>4,175</u>	<u>(137)</u>
		Cash Receipts \$ 651		
		Cash Disbursements	4,175	
		Reimburse current for liability paid in error 500		
		Interest on Investments 2,654		
		Statutory Excess <u>431</u>		
		<u>\$ 4,236</u>	<u>4,175</u>	

TOWN OF GUTTENBERG

Schedule of Miscellaneous Reserves

Other Trust Funds

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2015</u>
Reserve for:				
Accumulated Leave	\$			
Snow Removal	100,000	25,000		125,000
P.O.A.A.	10,801	7,563	2,341	16,023
Law Enforcement Trust	183	6,965		7,148
Recreation Trust	43,878	26,157	21,073	48,962
Annual Celebrations	3,600	589	2,700	1,489
Fire Prevention	3,239	14,547	11,996	5,790
Builders Escrow Deposits	26,006	49,330	39,461	35,875
Police Special Detail	78,071	143,854	121,638	100,287
Public Defender	19,829	2,164	10,066	11,927
Asset Forfeitures				
Justice	28,425	4,841	28,702	4,564
Treasury	8,108	13	6,973	1,148
Senior Citizens	5,255	6,425	5,130	6,550
Tax Sale Premiums	701,700	826,200	336,700	1,191,200
	<u>\$ 1,029,095</u>	<u>1,113,648</u>	<u>586,780</u>	<u>1,555,963</u>
		Cash Receipts		
		1,113,648		
		Cash Disbursements	586,780	
		<u>\$ 1,113,648</u>	<u>586,780</u>	

TOWN OF GUTTENBERG

**Schedule of Reserve for Unemployment
Compensation Insurance**

Unemployment Insurance Compensation Trust

Year Ended December 31, 2015

Balance - December 31, 2014		\$	34,961
Increased by:			
Employee payroll deductions	\$	8,705	
Interest earnings		145	
Prior Year Void Check		815	
Budget Appropriation		<u>15,000</u>	
			<u>24,665</u>
			59,626
Decreased by:			
Payment of Unemployment Insurance claims			<u>14,037</u>
Balance - December 31, 2015		\$	<u><u>45,589</u></u>

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TOWN OF GUTTENBERG

Schedule of Cash - Treasurer

General Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014		\$	2,505,616
Increased by receipts:			
Premium on Sale of Notes	\$	35,676	
Due to/(from) Current Fund		8,406	
Grant Receipts		519,200	
Budget Appropriation - Paydown on Notes		365,712	
Bond Anticipation Notes		13,313,109	
Capital Improvement Fund		<u>115,000</u>	
			<u>14,357,103</u>
			16,862,719
Decreased by disbursements:			
Due to/(from) Current Fund		38,353	
Bond Anticipation Notes		1,178,821	
Improvement Authorizations		<u>5,144,901</u>	
			<u>6,362,075</u>
Balance - December 31, 2015		\$	<u><u>10,500,644</u></u>

TOWN OF GUTTENBERG

Schedule of General Capital Fund Cash

General Capital Fund

Year Ended December 31, 2015

Capital Improvement Fund	\$	1,720,483
Reserve for Payment of Notes		1,192,331
Grant Receivable - Department of Transportation		(62,500)
Grant Receivable - State of NJ, Green Acres Program		(217,263)
Grant Receivable - State of NJ, Educational Facilities Construction		(3,286,563)
Reserve for Grants Receivable		3,349,063
Due to Current Fund		4,116
Fund Balance		82,026

Improvement description

6-2008/18-2012/		
26-2013/16-2014	Improvements to Waterfront Park	(141,668)
03-2010	Improvements to 71st Street	(27,438)
08-2011	Various Capital Improvements	(210,263)
2-2012	Construction of Building and Imps. To the Anna L. Klein School for Community, Recreational and Educational Purposes	8,956,886
17-2012/3-2013	Improvements to 68th Street, Sec. 4	45,778
25-2013	Various Street Improvements	60,149
27-2013	Sewer Repairs - Broadway & 70th Street	9,447
13-2014	Improvements to 69th Street	(402,863)
16-2015	Improvements to 69th Street	(571,077)
		<u>10,500,644</u>
		\$ <u>10,500,644</u>

TOWN OF GUTTENBERG

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

General Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014		\$	1,444,475
Decreased by:			
Budget appropriations:			
Green Acres Loan	\$	31,654	
Municipal Bonds		<u>535,000</u>	
			<u>566,654</u>
Balance - December 31, 2015		\$	<u><u>877,821</u></u>

TOWN OF GUTTENBERG

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2015

Ordinance number	Improvement description	Balance, Dec. 31, 2014	2015 Authorizations	Decreased by:	Balance, Dec. 31, 2015	Analysis of Balance - December 31, 2015		
						Funded by Bond Anticipation Notes	Expenditures	Unexpended improvement authorization
		\$	327,712	327,712				
02-2005	Various Capital Improvements	327,712			259,595	259,595		
18-2006	Various Capital Improvements	279,095	19,500	19,500	300,514	300,514		
5-2008	Various Capital Improvements	308,514	8,000	8,000	253,000	253,000		
6-2008	Improvements to Waterfront Park	263,500	10,500	10,500	27,438	27,438		
03-2010	Improvements to 71st Street, Sec. 4	27,438			210,263	210,263		
08-2011	Various Capital Improvements	210,263						
2-2012	Construction of Building and Improvements to the Anna L. Klein School for Community, Recreational and Educational purposes	19,366,666			19,366,666	12,500,000	6,866,666	
17-2012	Improvements to 68th Street, Section 4	125,519			125,519		16,601	108,918
26-2013	Improvements to Waterfront Park	23,750			23,750		23,750	
13-2014	Improvements to 69th Street	470,000			470,000		402,863	67,137
16-2014	Improvements to Waterfront Park	209,000			209,000		117,918	91,082
16-2015	Various Capital Improvements		1,316,000		1,316,000		571,077	744,923
		\$ 21,611,457	1,316,000	365,712	22,561,745	13,313,109	1,369,910	7,878,726

Budget Appropriation \$ 365,712
 \$ 365,712

Less: Unexpended note proceeds
 Improvement Authorizations - Unfunded 16,835,612
 Ord. 2-2012 8,956,886

\$ 7,878,726

TOWN OF GUTTENBERG
Schedule of Grants Receivable
Community Development Block Grant
General Capital Fund
Year Ended December 31, 2015

Balance - December 31, 2014	\$	<u>111,526</u>
Decreased by:		
Cash Receipts	\$	<u><u>111,526</u></u>

Schedule of Grants Receivable - State of New Jersey
Department of Transportation
General Capital Fund
Year Ended December 31, 2015

Balance - December 31, 2015	\$	105,000
Decreased by:		
Cash Receipts		<u>42,500</u>
Balance - December 31, 2015	\$	<u><u>62,500</u></u>
		<u>Analysis of Balance</u>
		Ord. 13-2014
		<u>62,500</u>
	\$	<u><u>62,500</u></u>

Exhibit C-8

TOWN OF GUTTENBERG

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

General Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$ <u>217,263</u>
Balance - December 31, 2015	\$ <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>

Exhibit C-9

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

General Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$ 3,651,737
Decreased by:	
Cash Receipts	<u>365,174</u>
Balance - December 31, 2015	\$ <u><u>3,286,563</u></u>

TOWN OF GUTTENBERG

Schedule of Serial Bonds

General Capital Fund

Year Ended December 31, 2015

Purpose	Date of issue	Original issue	Maturities of bonds outstanding		Interest rate	Balance, Dec. 31, 2014	Decreased	Balance, Dec. 31, 2015
			Date	Amount				
General Obligation Bonds	Apr. 1, 1991	3,437,000	April 1, 2016	197,000	6.85%	\$ 397,000	200,000	197,000
General Obligation Bonds	Feb. 1, 2003	2,230,000	Feb. 1, 2016	280,000	4.00%	525,000	245,000	280,000
Pension Refunding Bonds	Apr. 1, 2005	755,000	April 1, 2016	100,000	5.83%	305,000	90,000	215,000
			April 1, 2017	115,000	5.83%			
						\$ 1,227,000	535,000	692,000

TOWN OF GUTTENBERG
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2015

Balance - December 31, 2014	\$	1,675,483
Increased by:		
Budget Appropriation		<u>115,000</u>
		1,790,483
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>70,000</u>
Balance - December 31, 2015	\$	<u><u>1,720,483</u></u>

Schedule of Interfund Payable/(Receivable) - Due to Current Fund
General Capital Fund
Year Ended December 31, 2015

Balance - December 31, 2014	\$	34,063
Increased by:		
Interest on Investments	\$	5,632
Unexpended Budget Appropriation - Interest on Bond Anticipation Notes		<u>2,774</u>
		<u>8,406</u>
		42,469
Decreased by:		
Cash Disbursements		<u>38,353</u>
Balance - December 31, 2015	\$	<u><u>4,116</u></u>

TOWN OF GUTTENBERG

Schedule of Reserve for Payment of Notes

General Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$ 715,631
Increased by:	
Grant proceeds received	<u>476,700</u>
Balance - December 31, 2015	<u>\$ 1,192,331</u>
Reserve for payment of Notes	130,570
Ord. 17-2012	21,367
Ord. 13-2014	187,500
Ord. 15-2008	104,428
Ord. 6-2008/18-2012	271,766
Ord. 2-2012 - Community Development Block Grant	111,526
Ord. 2-2012 - State Educational Facilities Construction Financing	<u>365,174</u>
	<u>\$ 1,192,331</u>

Schedule of Reserve for Grants Receivable

General Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$ 3,825,763
Decreased by:	
Grant receipts transferred to reserve for payment of notes	<u>476,700</u>
Balance - December 31, 2015	<u>\$ 3,349,063</u>
Ord. 13-2014 - NJ Department of Transportation	62,500
Ord. 2-2012: Sec. 15 Educational Facilities Construction Financing Grant	<u>3,286,563</u>
	<u>\$ 3,349,063</u>

TOWN OF GUTTENBERG

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2015

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, Dec. 31, 2014		Expended	Balance, Dec. 31, 2015	
				Funded	Unfunded		Funded	Unfunded
6-2008/18-2012/ 26-2013/16-2014	Improvements to Waterfront Park	Mar. 24, 2008	450,000 \$	111,670	20,588	91,082		
		Oct. 22, 2012	167,787					
		Sept. 23, 2013	25,000					
		Nov. 24, 2014	220,000					
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	8,677	19,366,666	3,551,791	15,823,552	108,918
17-2012/3-2013	Imprs. to 68th Street, Section 4	Oct. 22, 2012	250,000	62,379	108,918			
		Feb. 25, 2013	120,000					
25-2013	Various Street Improvements	Sept. 23, 2013	850,000	61,657	1,508	60,149		
27-2013	Sewer Repairs - Broadway & 70th Street	Dec. 30, 2013	744,680	678,233	668,786	9,447		
13-2014	Improvements to 69th Street	Oct. 14, 2014	470,000	328,288	261,151	67,137		
16-2015/20-2015	Various Capital Improvements	Oct. 26, 2015	1,386,000		641,077	744,923		
			\$ 810,946	\$ 19,915,542	\$ 5,144,901	\$ 131,975	\$ 16,835,612	
			Capital Improvement Fund	70,000				
			Deferred Charges Unfunded	1,316,000				
			\$ 1,386,000					
			Cash Disbursed \$	5,144,901				

TOWN OF GUTTENBERG

Schedule of Green Acres Loans Payable

General Capital Fund

Year Ended December 31, 2015

Purpose	Date of issue	Original issue	Maturities of Loans Outstanding		Interest rate	Balance, Dec. 31, 2014	Decreased	Balance, Dec. 31, 2015
			Date	Amount				
Ball Field Project No. 0903-94-052	3/11/2005	475,200	1/11/2016	16,065	2.00%	217,475	31,654	185,821
			7/11/2016	16,226				
			1/11/2017	16,388				
			7/11/2017	16,552				
			1/11/2018	16,717				
			7/11/2018	16,884				
			1/11/2019	17,053				
			7/11/2019	17,224				
			1/11/2020	17,396				
			7/11/2020	17,570				
		1/11/2021	17,746					
						\$ 217,475	31,654	185,821

TOWN OF GUTTENBERG

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2015

Ord. Number	Purpose	Date of original issue	Original issue	Date of Maturity	Interest rate	Balance, Dec. 31, 2014	Increased	Decreased	Balance, Dec. 31, 2015
2-2005	Various Capital Improvements	Apr. 7, 2005	475,000	Mar. 18, 2016	1.25%	327,712		327,712	259,595
18-2006	Various Capital Improvements	Mar. 24, 2008	522,500	Mar. 18, 2016	1.25%	279,095	259,595	279,095	253,000
06-2008	Waterfront Park Improvements	Mar. 23, 2009	295,000	Mar. 18, 2016	1.25%	263,500	253,000	263,500	300,514
5-2008/15-2008	Various Capital Improvements	Mar. 23, 2009	370,500	Mar. 18, 2016	1.25%	308,514	300,514	308,514	
2-2012	Construction of a building and Imps. To the Anna L. Klein School for Community, Recreational and Educational Purposes	Mar. 18, 2016	12,500,000	Mar. 18, 2016	1.00%		12,500,000		12,500,000
						\$ 1,178,821	13,313,109	1,178,821	13,313,109
							Cash 12,500,000		
							Renewed 813,109		813,109
							Budget Appropriation - Principal Paydown		365,712
									\$ 1,178,821

TOWN OF GUTTENBERG

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year Ended December 31, 2015

Ordinance number	Improvement description	Balance, Dec. 31, 2014	Authorized	Decreased by:	Balance, Dec. 31, 2015
03-2010	Improvements to 71st Street	\$ 27,438			27,438
08-2011	Various Capital Improvements	210,263			210,263
2-2012	Construction of Building and Imps. To the Anna L. Klein School for Community Recreational and Educational purposes	19,366,666		12,500,000	6,866,666
17-2012	Improvements to 68th Street, Sec. 4	125,519			125,519
26-2013	Amend 18-12/6-08: Waterfront Park Imps, Phase I	23,750			23,750
13-2014	Improvements to 69th St.	470,000			470,000
16-2014	Supplemental Approp: Waterfront Park, Phase I	209,000			209,000
16-2015	Various Capital Improvements		1,316,000		1,316,000
		\$ 20,432,636	1,316,000	12,500,000	9,248,636
				Bond Anticipation Notes Issued	12,500,000

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TOWN OF GUTTENBERG

PART II

LETTERS ON COMPLIANCE AND ON INTERNAL CONTROL

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

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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, 2015 and the related notes to the financial statements, and have issued our report thereon dated March 10, 2016, 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.

Honorable Mayor and
Members of the Town Council
Page 2.

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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



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



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

March 10, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

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

Report on Compliance for Each Major State Program

We have audited the Town of Guttenberg in the County of Hudson compliance with the types of compliance requirements described in the OMB Compliance Supplement and N.J. Office of Management and Budget (OMB) Circular 15-08 Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended December 31, 2015. The Town of Guttenberg's major state 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 state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Guttenberg's major state 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 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 state 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
Page 2.

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

Opinion on Each Major State 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 state programs for the year ended December 31, 2015.

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 state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance with the Uniform Guidance and N.J. OMB Circular 15-08, 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 state 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 state 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 state 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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
Page 3.

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 the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



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



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

March 10, 2016

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TOWN OF GUTTENBERG

Schedule of Expenditures of Federal Awards
Year ended December 31, 2015 and 2014

Current Fund:	Federal grantor	Program	CFDA number	Grant period	Award Amount	Cash Received	Expenditures	(MEMO) Cumulative Expenditures
Department of Transportation		State and Community Highway Safety National Highway Traffic Safety Program Alcohol Impaired Driving Countermeasures Incentive Grant Drive Sober or Get Pulled Over	20.601	2015	5,000 \$	4,925	5,000	5,000
		National Priority Safety Programs National Highway Traffic Safety Program Occupant Protection Grant - Click it or Ticket	20.602	2015	4,000	4,000	4,000	4,000
Department of Agriculture		Summer Food Program Summer Food Program	10.559 10.559	2014 2015	23,703 17,688	14,974 99	9,162	21,546
		<i>Total Current Fund</i>			23,998	18,162		
Community Development Block Grant Trust Fund: Department of Housing and Urban Development (passed through County of Hudson):		Community Development Block Grant: 3-03E1-14 Community Center Improvements	14.218	2014-15	111,526	111,526	111,526	111,526
		<i>Total Trust Funds</i>			111,526	111,526		
		<i>Total Federal Financial Assistance</i>			\$ 135,524	129,688		

Note: This schedule was not subject to an audit in accordance with the Uniform Guidance.

TOWN OF GUTTENBERG

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2015 and 2014

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		4,074	23,588
						4,074	
	Recycling Tonnage Grant	042-4900-752-001	2014	13,973	13,973	9,028	9,028
	Recycling Tonnage Grant	042-4900-752-001	2013	14,050		7,451	14,050
	Clean Communities Program	042-4900-765-004	2005-06	7,530			7,530
	Clean Communities Program	042-4900-765-004	2014	13,695		(112)	2,989
					13,973	16,367	
					2,862	2,862	2,862
					3,126	732	3,126
					1,945		1,555
Department of Law and Public Safety	Body Armor Grant	066-1020-718-001	2014	2,862	2,862		2,862
	Body Armor Grant	066-1020-718-001	2013	3,126		732	3,126
	Highway Safety		2006-07	1,945			1,555
	Over the Limit Under Arrest	066-1160-100-057	2009-10	3,784		2,400	2,400
	DMV Fines		2011	1,100		1,100	1,100
	DMV Fines		2010	700		700	700
	DMV Fines		2008-09	879		481	879
	Combating Underage Drinking	066-1400-100-014	2009-10	4,000		545	545
	Drunk Driving Enforcement Fund	1110-448-031020-22	2014	1,792		1,792	1,792
	Drunk Driving Enforcement Fund	1110-448-031020-22	2012	6,899		6,899	3,866
Drunk Driving Enforcement Fund	1110-448-031020-22	2008-09	2,703		930	2,703	
				2,862	18,441		
County of Hudson (1)	Municipal Alliance Grant Fund	100-082-2000-044	2014	9,655	9,655	8,430	9,655
	Municipal Alliance Grant Fund	100-082-2000-044	2015-16	9,655		6,301	6,301
					9,655	14,731	

TOWN OF GUTTENBERG
Schedule of Expenditures of State Awards and Other Financial Assistance
Year ended December 31, 2015 and 2014

<u>State grantor</u>	<u>Program</u>	<u>Grant number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>(MEMO) Cumulative Expenditures</u>	
Administrative Offices of the Courts	Alcohol Education and Rehabilitation Fund	098-9735-760-001	2014	1,536			*	
		098-9735-760-001	2013	950			*	
		098-9735-760-001	2012	1,619		500	500	
		098-9735-760-001	2011	971		971	971	
		098-9735-760-001	2009-10	1,960		1,961	1,961	
		098-9735-760-001	2008-09	1,160		341	1,160	
		098-9735-760-001	2007-08	1,552		1,552	1,552	
		098-9735-760-001	2005-06	884		598	884	
						<u>5,923</u>		*
						<u>26,490</u>	<u>59,536</u>	*
<i>Total State and Federal Grant Fund</i>								
General Capital Fund: Department of Transportation State Aid Highway Projects Highway Planning and Construction	Municipal Aid - 69th Street, Section 3 - Ord. 13-2014 Municipal Aid - 68th Street, Section 5 - Ord. 25-2013 Municipal Aid - 70th Street, Section 5		2014	250,000		147,795	250,000	
			2013-14	170,000	42,500		170,000	
			2015-17	200,000				
					<u>42,500</u>	<u>147,795</u>		*
Department of Environmental Protection	Green Acres Program - Waterfront Park Imp. - Ord. 18-2012 Green Acres Program - Waterfront Park Imp. - Ord. 6-2008		2012	62,263			62,263	
			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	365,174	3,460,463	3,460,463	
					<u>407,674</u>	<u>3,608,258</u>	*	
					<u>\$ 434,164</u>	<u>3,667,794</u>	*	
<i>Total General Capital Fund</i>								
<i>Total State Financial Assistance</i>								

Note: This schedule was subject to an audit in accordance with N.J. OMB 2015-08.

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**TOWN OF GUTTENBERG
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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	\$18,162	\$59,536	\$77,698
General Capital Fund		3,608,258	3,608,258
Trust Funds	<u>111,526</u>	<u> </u>	<u>111,526</u>
	<u>\$129,688</u>	<u>\$3,667,794</u>	<u>\$3,797,482</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, 2015
(CONTINUED)**

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The Town's federal and state loans outstanding at December 31, 2015, 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>\$185,821</u>

**TOWN OF GUTTENBERG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

Not Applicable

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

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 N.J. OMB Circular 15-08? yes X no

Identification of major programs:

State Account Number

Name of State Program

G5-3814, 1850-050-09-022W

Schools Development Authority
Construction Grant

TOWN OF GUTTENBERG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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 or 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 \$40,000.

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

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

- Auto and Truck Repairs
- Gasoline and Other Products
- Landscaping Services
- Snow Removal Services
- Auto and Truck Towing Services

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 5, 2015 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 29, 2015 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, 2015	3
Year Ended December 31, 2014	3
Year Ended December 31, 2013	3

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TOWN OF GUTTENBERG

COMMENTS

FINANCE/TAX COLLECTOR

1. There was an instance in which the gross salary paid to an employee was over the approved salary range per the adopted salary ordinance.
2. Appropriated grant reserves were over-expended in the amount of \$3,259.

CLERK

1. Detailed minutes of meetings were not provided for review at the time of audit.
2. Minutes are not being approved and signed in a timely manner.

MUNICIPAL COURT

- 1.* A review of the Court's December 2015 ATS/ACS Monthly Management Report revealed that the court is behind in the processing of tickets and/or complaints in the following categories:
 - Tickets assigned over 180 days
 - Tickets issued not assigned
- 2.* The bail on account per ATS/ACS does not agree with the reconciled cash balance at 12/31/15.
- 3.* Stale-dated checks are being carried on the bank reconciliations.
4. The Fines and Bail account reconciliations do not agree to the ATS/ACS reconciliation balance on a monthly basis.
5. There are instances in which fines account receipts are being deposited into the bail account and not corrected prior to year-end.
6. Deposits are not being made within 48 hours per receipt as required by N.J.S.A 40A:5-15.
7. Monies collected are not being transferred to the proper agencies prior to the fifteenth of the subsequent month.
8. The Court has not identified the surcharge fees required to be deposited in a separate reserve and utilized for the purchase of video recording equipment for police vehicles and/or body cameras in accordance with N.J.S.A 40A:14-118.1.

TOWN OF GUTTENBERG

COMMENTS, (continued)

DEPARTMENTS

Recreation Department:

- 1.* A cash receipt ledger detailing monies received for programs is not being maintained.

Building Department:

1. Departmental revenue collections are not being turned over to the Current Fund on a regular basis.

TOWN OF GUTTENBERG

RECOMMENDATIONS

FINANCE/TAX COLLECTOR

1. The Town takes necessary steps to ensure that gross salaries paid to employees are in agreement with the salary range per the adopted salary ordinance.
2. Available spending appropriations be reviewed and verified prior to expenditures being made to ensure that sufficient balances are available.

CLERK

1. Detailed minutes be provided for review at the time of audit.
2. All minutes be approved and signed in a timely manner.

MUNICIPAL COURT

- 1.* Policies be implemented to ensure that all tickets be assigned prior to issuance and that those tickets assigned over 180 days be recalled and either destroyed or reassigned.
- 2.* Steps be taken to compare and agree the open bail as listed in the ATS/ACS report to that of the reconciled cash balance at December 31, 2015.
- 3.* Stale dated checks in both the General (Fines) Account and the Bail Account be investigated and cancelled by resolution.
4. Court personnel take the proper steps to ensure that reconciled bank balance is in agreement with that reported in ATS/ACS on a monthly basis.
5. More care and oversight be taken to ensure collections are deposited in the proper accounts and any discrepancies be identified and corrected prior to year-end.
6. All deposits be made within 48 hours of receipt.
7. All disbursement checks be made to agencies by the 15th of the following month of receipt.
8. Procedures be established to compile the municipal share of surcharges collected to be designated for the purchase of mobile video recording systems for patrol cars or body cameras in accordance with N.J.S.A. 40A:14-118.1.

TOWN OF GUTTENBERG

RECOMMENDATIONS, (continued)

DEPARTMENTS

Recreation Department:

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

Building Department:

1. All departmental revenue collected be turned over to the Town's Current Fund on a regular basis.

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

March 10, 2016

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