

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY  
NEW JERSEY**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY DATA  
AND INFORMATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2014 AND 2013**

***HODULIK & MORRISON, P.A.***  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
HIGHLAND PARK, N.J.

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

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**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

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**PART I  
INDEPENDENT AUDITOR'S REPORT  
FINANCIAL STATEMENTS**

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NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

JO ANN BOOS, CPA, PSA

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Borough Council  
Borough of Keyport  
Monmouth County, New Jersey

**Report on the Financial Statements**

We have audited the accompanying balance sheets – regulatory basis of the various funds and governmental fixed assets of the Borough of Keyport, County of Monmouth, New Jersey, as of and for the years ended December 31, 2014 and 2013, the statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the 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 financial reporting provisions of 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 misstatement, whether due to error or fraud.

**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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and 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 opinion.

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

As described in Note 2, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles 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. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements of the differences between these regulatory accounting practices 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 matters discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Borough of Keyport, County of Monmouth, New Jersey, as of December 31, 2014, the changes in its financial position, and, where applicable, its cash flows for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the Borough of Keyport, County of Monmouth, New Jersey as of December 31, 2014 and 2013 and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2014, on the basis of accounting described in Note 2.

### **Other Matters**

#### **Other Information**

Our audit was made for the purpose of forming an opinion on the financial statements of the Borough of Keyport, County of Monmouth, New Jersey. The information included in Part III – Supplementary Schedules and Part IV – Supplementary Data, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Keyport, County of Monmouth, New Jersey. The information included in Part II - the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, audits of states, Local Governments, and Non-Profit Organizations, and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of State Grants and State Aid and are also not a required part of the financial statements. The information included in Part II – the accompanying schedule of federal awards and the Part III – Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole. The schedules and information contained in Part IV - Supplementary Data have not been subjected 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 them.



**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued a report dated August 24, 2015 on our consideration of the Borough of Keyport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants  
Public School Accountants

*Robert S. Morrison*

Robert S. Morrison  
Registered Municipal Accountant  
No. 412

Highland Park, New Jersey  
August 24, 2015

**FINANCIAL STATEMENTS**

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2014 AND DECEMBER 31, 2013**

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2014</u>	<u>BALANCE DEC. 31, 2013</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2014</u>	<u>BALANCE DEC. 31, 2013</u>
Cash and Investments - Treasurer	A-4	\$ 980,548.44	\$ 1,169,366.12	Liabilities:			
Cash - Change Fund	A-5	325.00	325.00	Special Emergency Note Payable	A-15	\$ 141,400.00	\$ 177,200.00
Due from State of N.J. per Ch. 20, P.L. 1976	A-6	1,889.20	2,639.20	Appropriation Reserves	A-3,A-11	390,516.89	124,854.52
		<u>982,762.64</u>	<u>1,172,330.32</u>	Reserve for Encumbrances	A-3,A-11	128,133.17	388,077.47
Receivables With Offsetting Reserves:				Prepaid Taxes	A-7	94,786.63	74,321.29
Taxes Receivable	A-7	623,148.29	618,350.95	Various Payables	A-14	33,068.02	33,068.02
Tax Title Lien Receivable	A-7	157,804.60	150,295.19	Various Reserves	A-14	2,665.13	284,839.97
Property Acquired for Taxes (At Assessed Valuation)	A-7	97,100.00	97,100.00	Tax Overpayments	A-12		1,283.35
Revenue Accounts Receivable	A-8	13,442.00	14,931.42	County Taxes Payable	A-13	1,318.54	1,955.19
Due from Payroll Fund	A-10	614.24	614.24	Due Trust Other Fund	A-10	282.60	309.88
Abating Costs Receivable	A	660.00		Due State & Federal Grant Fund	A-10	184,789.52	173,216.24
		<u>892,769.13</u>	<u>881,291.80</u>			976,960.50	1,259,125.93
Deferred Charges:				Reserve for Receivables	Reserve	892,769.13	881,291.80
Special Emergency				Fund Balance	A-1	147,202.14	90,404.39
Authorization N.J.S.A 40A:4-53	A-9	141,400.00	177,200.00	Total Current Fund		<u>2,016,931.77</u>	<u>2,230,822.12</u>
		<u>141,400.00</u>	<u>177,200.00</u>				
Total Current Fund		<u>2,016,931.77</u>	<u>2,230,822.12</u>	State & Federal Grant Fund:			
State & Federal Grant Fund:				Reserve for State and Federal Grants:			
Grants Receivable	A-16	205,411.84	105,609.61	Appropriated	A-18	361,113.29	227,670.17
Due from Current Fund	A-10	184,789.52	173,216.24	Unappropriated	A-19	9,301.91	11,238.39
		<u>390,201.36</u>	<u>278,825.85</u>	Reserve for Encumbrances	A-18	19,786.16	39,917.29
Total State & Federal Grant Fund		<u>390,201.36</u>	<u>278,825.85</u>	Total State & Federal Grant Fund		<u>390,201.36</u>	<u>278,825.85</u>
Total Assets		<u>\$ 2,407,133.13</u>	<u>\$ 2,509,647.97</u>	Total Liabilities, Reserves, and Fund Balance		<u>\$ 2,407,133.13</u>	<u>\$ 2,509,647.97</u>

Note: See Notes to Financial Statements.

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2014</u>	<u>YEAR 2013</u>
Fund Balance Utilized	A-1, A-2	\$ 87,700.00	\$ 183,000.00
Miscellaneous Revenues Anticipated	A-2	2,472,018.10	2,205,029.79
Receipts from Delinquent Taxes	A-2	601,676.10	665,229.84
Receipts from Current Taxes	A-7	15,940,510.12	15,893,374.93
Non-Budget Revenue	A-2	61,510.24	77,932.88
Other Credits to Income:			
Unexpended Balances of Approp. Reserves	A-11	11,632.90	114,431.67
Cancellation of Grant Reserves	A-10	154.98	53,864.93
Cancel School Taxes Payable	A-13		3.50
Abating Costs Received	A-2	4,443.48	
Reserve for Sale of Municipal Assets	A-14		150,000.00
Interfunds Advanced - Net	Net		266.29
		<hr/>	<hr/>
Total Revenues		19,179,645.92	19,343,133.83
		<hr/>	<hr/>
<u>EXPENDITURES AND OTHER CHARGES</u>			
Budget Appropriations:			
Operating			
Salaries and Wages	A-3	3,054,850.00	3,094,850.00
Other Expenses	A-3	3,306,421.82	3,342,511.06
Municipal Debt Service	A-3	943,330.10	917,671.81
Capital Improvements	A-3	130,000.00	105,000.00
Deferred Charges and Statutory Expend.-Mun.	A-3	688,090.00	775,754.00
Transferred to Board of Education	A-3	44,268.00	44,546.00
County Taxes	A-13	1,704,348.27	1,940,188.56
Local District School Taxes	A-13	8,717,811.00	8,554,629.00
Business Improvement District Taxes	A-13	118,000.00	118,000.00
Municipal Open Space Taxes	A-13	160,081.04	183,601.47
Prior Year Senior Citizen Deduction Disallowed	A-6	1,750.00	1,000.00
Refund of Prior Year Revenue	A-4		513.00
Prior Year Tax Appeal	A-14	165,082.94	302,503.49
Cancellation of Grants Receivable	A-10	1,115.00	52,141.00
		<hr/>	<hr/>
Total Expenditures		19,035,148.17	19,432,909.39
		<hr/>	<hr/>
Excess in Revenue (Balance Forward)		144,497.75	(89,775.56)

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2014</u>	<u>YEAR 2013</u>
Statutory Excess to Fund Balance (brought forward)	\$	144,497.75	\$ (89,775.56)
Adjustment to Income Before Surplus:			
Expenditures Included Above Which are by statute Deferred Charges to Budget of Succeeding Year		<u>144,497.75</u>	<u>170,000.00</u>
			80,224.44
<u>FUND BALANCE</u>			
Balance - January 1	A	<u>90,404.39</u>	<u>193,179.95</u>
		234,902.14	273,404.39
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>87,700.00</u>	<u>183,000.00</u>
<b>Balance - December 31</b>	<b>A</b>	<b>\$ <u>147,202.14</u></b>	<b>\$ <u>90,404.39</u></b>

**Note: See Notes to Financial Statements.**

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>REF.</u>	<u>ANTICIPATED 2014 BUDGET</u>	<u>APPROP. N.J.S.A. 40A:4-87</u>	<u>TOTAL 2014 BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
<b>Fund Balance Anticipated</b>	A-1	\$ 87,700.00		\$ 87,700.00	\$ 87,700.00	\$
<b>Miscellaneous Revenues:</b>						
Licenses:						
Alcoholic Beverages	A-8	30,500.00		30,500.00	35,516.63	5,016.63
Other	A-8	7,500.00		7,500.00	7,856.00	356.00
Fees and Permits	A-8	150,000.00		150,000.00	157,013.25	7,013.25
Fines and Costs:						
Municipal Court	A-8	130,000.00		130,000.00	135,573.53	5,573.53
Interest and Costs on Taxes	A-8	139,000.00		139,000.00	138,427.56	-572.44
Cable Television Fees	A-8	99,360.00		99,360.00	99,360.28	0.28
Payment in Lieu of Taxes:						
Senior Citizen Housing	A-8	297,000.00		297,000.00	278,705.00	-18,295.00
Bethany Manor Annex, Senior Citizen Housing	A-8	75,000.00		75,000.00	68,014.00	-6,986.00
Consolidated Municipal Property Tax Relief Aid	A-8	88,821.00		88,821.00	88,821.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-8	626,652.00		626,652.00	625,652.00	-1,000.00
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S.A. 40A:4-36 and N.J.A.C. 5:23-4.17):						
Uniform Construction Code Fees	A-8	109,000.00		109,000.00	168,084.00	59,084.00
Interlocal - Board of Health (Union Beach)	A-8	10,000.00		10,000.00	10,000.00	
<b>Public and Private Revenues Offset with Approps.:</b>						
NJ DEP Municipal Public Access Plan Development	A-16	11,900.00		11,900.00	11,900.00	
Recycling Tonnage Grant	A-16	6,914.92		6,914.92	6,914.92	
Hazardous Discharge Site Remediation Fund	A-16	20,841.00		20,841.00	20,841.00	
Clean Communities Program	A-16		12,441.43	12,441.43	12,441.43	
Municipal Alliance on Alcoholism and Drug Abuse	A-16	44,384.00		44,384.00	44,384.00	
Office on Aging Grant	A-16	36,000.00		36,000.00	36,000.00	
Alcohol Education and Rehabilitation Fund	A-16	2,110.99		2,110.99	2,110.99	

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	REF.	ANTICIPATED 2014 BUDGET	APPROP. N.J.S.A. 40A:4-87	TOTAL 2014 BUDGET	REALIZED	EXCESS OR (DEFICIT)
<b>Public and Private Revenues Offset with Approps. (Cont'd):</b>						
USDA - Watershed Protection Grant	A-16	\$	27,300.00	\$ 27,300.00	\$ 27,300.00	\$
FEMA FY 2013 Assitance to Firefighters Grant	A-16		11,400.00	11,400.00	11,400.00	
NJ Body Armor Grant	A-16	2,212.48		2,212.48	2,212.48	
Monmouth County Open Space Grant - Veterans Park	A-16	101,000.00		101,000.00	101,000.00	
<b>Other Special Items:</b>						
Uniform Fire Safety Act	A-8	60,000.00		60,000.00	74,101.59	14,101.59
Reserve for Sale of Municipal Assets	A-8	128,830.00		128,830.00	128,830.00	
FEMA Reimbursements	A-8	39,000.00		39,000.00	99,858.44	60,858.44
Reserve for Debt Service - General Capital Fund	A-8	10,000.00		10,000.00	10,000.00	
Reserve for Infrastructure - General capital	A-8	36,700.00		36,700.00	36,700.00	
General Capital Fund Balance	A-8	33,000.00		33,000.00	33,000.00	
Total Miscellaneous Revenues	A-1, A-4, A-8	2,295,726.39	51,141.43	2,346,867.82	2,472,018.10	125,150.28
<b>Receipts from Delinquent Taxes</b>	A-1	635,000.00		635,000.00	601,676.10	-33,323.90
<b>Subtotal General Revenues</b>		3,018,426.39	51,141.43	3,069,567.82	3,161,394.20	91,826.38
<b>Amount to be Raised by Taxes for Support of Municipal Budget:</b>						
Local Tax for Municipal Purposes Including						
Reserve for Uncollected Taxes	A-7	5,650,846.22		5,650,846.22	5,708,723.03	57,876.81
Minimum Library Tax	A-7	222,270.00		222,270.00	222,270.00	
<b>Budget Totals</b>		8,891,542.61	51,141.43	8,942,684.04	9,092,387.23	\$ 149,703.19
Non-Budget Revenues	A-1, A-4, A-8				61,510.24	
<b>Total</b>		\$ 8,891,542.61	\$ 51,141.43	\$ 8,942,684.04	\$ 9,153,897.47	
	Ref.	A-3		A-3	A-1	

( ) Denotes Deficit

Note: See Notes to Financial Statements.

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**Exhibit - A-3**

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014 BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED</u>			<u>UNEXPENDED BALANCE CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive						
Salaries and Wages	\$ 74,000.00	\$ 74,000.00	\$ 69,456.39	\$	\$ 4,543.61	\$
Other Expenses	11,400.00	11,400.00	9,198.37	359.95	1,841.68	
Mayor and Council						
Salaries and Wages	20,900.00	20,900.00	20,233.12		666.88	
Other Expenses	3,000.00	3,000.00	2,199.00	351.99	449.01	
Municipal Clerk						
Salaries and Wages	63,000.00	63,000.00	50,637.89		12,362.11	
Other Expenses						
Miscellaneous	19,120.00	19,120.00	6,301.85	879.18	11,938.97	
Revision and Codification of Ordinances	2,500.00	2,500.00		550.00	1,950.00	
Financial Administration						
Salaries and Wages	58,400.00	58,400.00	58,332.81		67.19	
Other Expenses	8,800.00	8,800.00	5,628.89	2,129.47	1,041.64	
Audit Services						
Other Expenses	17,000.00	17,000.00	17,000.00			
Collection of Taxes						
Salaries and Wages	85,800.00	86,300.00	86,249.17		50.83	
Other Expenses	9,700.00	9,700.00	8,004.91	976.91	718.18	
Assessment of Taxes						
Salaries and Wages	24,500.00	24,500.00	24,488.88		11.12	
Other Expenses						
Revision of Tax Map/Revaluation	2,000.00	2,000.00	2,000.00			
Reassessment of Real Property						
Miscellaneous	2,300.00	2,800.00	1,755.16	735.68	309.16	
Legal Services						
Other Expenses	125,000.00	125,000.00	105,123.24	4,736.10	15,140.66	
Environmental Commission						
Other Expenses	650.00	650.00	488.80		161.20	
Engineering Services						
Other Expenses	30,000.00	30,000.00	25,244.30	1,055.75	3,699.95	
Keyport Historical Society Contracted	1,000.00	1,000.00	1,000.00			



**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**Exhibit - A- 3**

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

			EXPENDED			UNEXPENDED
	2014 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Planning/Zoning Board						
Salaries and Wages	3,500.00	3,500.00	3,461.38		38.62	
Other Expenses						
Revision of Master Plan	100.00	100.00	-		100.00	
Miscellaneous	4,000.00	4,000.00	3,127.36		872.64	
Property Maintenance Code						
Salaries and Wages	13,000.00	15,000.00	14,897.48		102.52	
Other Expenses	1,000.00	1,000.00	1,000.00			
<u>INSURANCES</u>						
Liability Insurance	173,000.00	173,000.00	157,456.65		15,543.35	
Workers Compensation Insurance	199,000.00	199,000.00	181,169.12		7,830.88	10,000.00
Employee Group Insurance	580,000.00	569,700.00	512,927.89		36,772.11	20,000.00
Health Benefit Waiver	13,000.00	18,000.00	17,135.34		864.66	
Unemployment Insurance	25,000.00	25,000.00	25,000.00			
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>PUBLIC SAFETY</u>						
Police Department						
Salaries and Wages	2,145,000.00	2,145,000.00	2,088,795.06		56,204.94	
Other Expenses						
Miscellaneous	77,400.00	77,400.00	56,576.24	13,908.44	6,915.32	
Clothing Allowance	25,600.00	25,600.00	17,198.36	1,188.24	7,213.40	
Acquisition of Vehicle	34,000.00	34,000.00	31,215.17		2,784.83	
Police Auxiliary	5,000.00	5,000.00			5,000.00	
Emergency Management Services						
Other Expenses	6,500.00	8,000.00	7,822.64		177.36	
Aid to Volunteer Fire Companies	24,220.00	24,220.00	21,560.00	2,160.00	500.00	
First Aid Contributions	15,800.00	15,800.00	15,343.84	456.16		
Fire Department						
Salaries and Wages	3,000.00	3,000.00	2,000.00		1,000.00	
Other Expenses	104,300.00	104,300.00	67,368.80	25,614.39	11,316.81	

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

Exhibit - A-3

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

			EXPENDED			UNEXPENDED
	2014 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
Uniform Fire Safety Act						
Salaries and Wages	48,000.00	48,000.00	37,367.17		10,632.83	
Other Expenses	12,000.00	12,000.00	5,870.46	4,351.57	1,777.97	
Municipal Prosecutor						
Salaries and Wages						
Municipal Court						
Salaries and Wages						
Other Expenses						
Public Defender						
Salaries and Wages						
Other Expenses						
<u>PUBLIC WORKS</u>						
Road Repairs and Maintenance						
Salaries and Wages	320,000.00	305,000.00	287,306.41		17,693.59	
Other Expenses	75,000.00	90,000.00	76,760.23	8,082.61	5,157.16	
Garbage and Trash Removal						
Salaries and Wages	58,000.00	58,300.00	56,666.74		1,633.26	
Other Expenses	16,500.00	16,500.00	13,507.95		2,992.05	
Contracted (40A:4-85)	235,000.00	235,000.00	195,333.35	17,625.00	22,041.65	
Public Buildings and Grounds						
Salaries and Wages						
Other Expenses	83,000.00	83,000.00	68,217.34	2,914.83	11,867.83	
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>HEALTH AND HUMAN SERVICES</u>						
Blood Borne Pathogens - Hepatitis B						
Salaries and Wages	1,500.00	1,500.00	1,479.24		20.76	
Other Expenses	1,000.00	1,000.00	43.00		957.00	
Board of Health						
Salaries and Wages	30,800.00	31,300.00	31,250.90		49.10	
Other Expenses	2,500.00	2,500.00	1,891.62	314.00	294.38	
Monmouth County Regional Health						
Other Expenses	-					
Animal Control Services						
Other Expenses	13,000.00	13,000.00	13,000.00			
Bayshore Youth Services Bureau Contribution	1,000.00	1,000.00	500.00	500.00		
<u>PARK AND RECREATION</u>						
Recreation						

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**Exhibit - A- 3**

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

			<u>EXPENDED</u>			<u>UNEXPENDED BALANCE CANCELLED</u>
	<u>2014 BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
Salaries and Wages	18,750.00	18,750.00	14,781.40		3,968.60	
Other Expenses	3,500.00	3,500.00	2,442.30	850.00	207.70	
Senior Citizen Community Center						
Salaries and Wages	9,000.00	9,000.00	6,948.73		2,051.27	
Other Expenses	9,400.00	9,400.00	7,822.27	518.01	1,059.72	
Senior Citizen Transportation Contracted	4,000.00	4,000.00	2,652.00		1,348.00	
Parks and Playgrounds						
Other Expenses	20,000.00	20,000.00	15,706.50		4,293.50	
<u>OTHER COMMON OPERATING</u>						
Celebration of Public Events						
Other Expenses	1,500.00	1,500.00	250.00		1,250.00	
Postage						
Other Expenses	17,500.00	17,500.00	16,875.04	169.98	454.98	
State Uniform Construction Code Officials						
Salaries and Wages	89,400.00	89,400.00	86,442.17		2,957.83	
Other Expenses	10,500.00	10,500.00	4,517.59	4,644.64	1,337.77	
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Fuel for Motor Vehicles	100,000.00	100,000.00	76,239.62		8,760.38	15,000.00
Telephone	35,000.00	41,000.00	36,963.28	1,125.84	2,910.88	
Street Lighting	130,000.00	124,000.00	103,987.29	8,524.78	11,487.93	
Fuel Oil	17,000.00	17,000.00	15,419.40	875.43	705.17	
Natural Gas	30,000.00	30,000.00	23,425.34	4,273.42	2,301.24	
Electricity	37,000.00	37,000.00	30,682.71		6,317.29	
Landfill Disposal Costs	220,000.00	220,000.00	187,083.40		32,916.60	
Total Operations Within "CAPS"	5,661,340.00	5,661,340.00	5,138,831.56	109,872.37	367,636.07	45,000.00

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**Exhibit - A-3**

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

			EXPENDED			UNEXPENDED
	<u>2014 BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>BALANCE</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>			<u>CANCELLED</u>
Contingent	500.00	500.00	-		500.00	
Total Operations Including Contingent Within "CAPS"	<u>5,661,840.00</u>	<u>5,661,840.00</u>	<u>5,138,831.56</u>	<u>109,872.37</u>	<u>368,136.07</u>	<u># 45,000.00</u>
Detail:						
Salaries and Wages	3,066,550.00	3,054,850.00	2,940,794.94	-	114,055.06	-
Other Expenses	2,595,290.00	2,606,990.00	2,198,036.62	109,872.37	254,081.01	45,000.00
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Public Employees' Retirement System	165,000.00	165,000.00	144,605.79		394.21	20,000.00
Deferred Comp. Retirement Program	1,500.00	1,500.00	982.39		517.61	
Social Security System (O.A.S.I.)	135,000.00	135,000.00	123,093.93		11,906.07	
Police and Firemen's Retirement System of NJ	<u>390,790.00</u>	<u>390,790.00</u>	<u>369,956.15</u>		<u>833.85</u>	<u>20,000.00</u>
Total Deferred Charges and Statutory Expenditures	<u>692,290.00</u>	<u>692,290.00</u>	<u>638,638.26</u>	<u>-</u>	<u>13,651.74</u>	<u>40,000.00</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>6,354,130.00</u>	<u>6,354,130.00</u>	<u>5,777,469.82</u>	<u>109,872.37</u>	<u>381,787.81</u>	<u># 85,000.00</u>
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Maintenance of Free Public Library	<u>222,270.00</u>	<u>222,270.00</u>	<u>220,355.90</u>		<u>1,914.10</u>	
Total Other Operations - Excluded from "CAPS"	<u>222,270.00</u>	<u>222,270.00</u>	<u>220,355.90</u>		<u>1,914.10</u>	
<b>Interlocal Municipal Service Agreements</b>						
911 Services (County of Monmouth)						
Other Expenses	9,400.00	9,400.00	9,097.08		302.92	
Recycling (Hazlet)						
Other Expenses	4,500.00	4,500.00			4,500.00	
Municipal Court						
Other Expenses	165,000.00	165,000.00	164,727.14		272.86	
Services of Regional Health Association (P.L. 1975, Ch.329)						
Total Interlocal Municipal Service Agreements	<u>178,900.00</u>	<u>178,900.00</u>	<u>173,824.22</u>		<u>5,075.78</u>	

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**Exhibit - A- 3**

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014 BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELLED</u>
				<u>ENCUMBERED</u>	<u>RESERVED</u>	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
<u>Public and Private Programs Offset by Revenues</u>						
Clean Communities Grant		12,441.43	12,441.43			
Body Armor Replacement Grant	2,212.48	2,212.48	2,212.48			
Recycling Tonnage Grant	6,914.92	6,914.92	6,914.92			
Office on Aging Grant						
Grant Share	36,000.00	36,000.00	36,000.00			
Local Share	55,660.00	55,660.00	55,660.00			
Municipal Court Alcohol Education and Rehabilitation						
Enforcement Fnd	2,110.99	2,110.99	2,110.99			
FEMA - FY 2013 Assistance to Firefighters		11,400.00	11,400.00			
Monmouth County Open Space Grant - Veteran's Park	101,000.00	101,000.00	101,000.00			
NJ DEP Municipal Public Access Plan Dev.	11,900.00	11,900.00	11,900.00			
USDA - Watershed Protection Grant		27,300.00	27,300.00			
Municipal Drug Alliance Program SFY 2015						
Local Share	7,730.00	7,730.00	7,730.00			
State Share	30,918.00	30,918.00	30,918.00			
Municipal Drug Alliance Program						
State Share	3,367.00	3,367.00	3,367.00			
Local Share	13,466.00	13,466.00	13,466.00			
Hazardous Discharge Site Remediation fund	20,841.00	20,841.00	20,841.00			
Total Public and Private Programs Offset by Revenues	292,120.39	343,261.82	343,261.82	-	-	-
Total Operations Excluded from "CAPS"	693,290.39	744,431.82	737,441.94	-	6,989.88	-
Detail:						
Salaries and Wages						
Other Expenses	693,290.39	# 744,431.82	737,441.94		6,989.88	-
Capital Improvements Excluded from "CAPS"	110,000.00	110,000.00	110,000.00			
Acquisition of Firefighter Turnout Gear	20,000.00	20,000.00		18,260.80	1,739.20	
Total Capital Improvements Excluded from "CAPS"	130,000.00	130,000.00	110,000.00	18,260.80	1,739.20	
Municipal Debt Service Excluded from "CAPS"						
Payment of Bond Principal	505,000.00	505,000.00	505,000.00			
Payment of Bond Anticipation Notes and Capital Notes	156,300.00	156,300.00	156,300.00			
Interest on Bonds	234,850.00	234,850.00	234,850.00			

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

Exhibit - A- 3

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014 BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELLED</u>
				<u>ENCUMBERED</u>	<u>RESERVED</u>	
Interest on Notes	47,181.00	47,181.00	47,180.10			0.90
Total Municipal Debt Service Excluded from "CAPS" <u>OPERATIONS EXCLUDED FROM "CAPS"</u>	943,331.00	943,331.00	943,330.10			0.90
Deferred Charges:						
Special Emergency Authorizations	35,800.00	35,800.00	35,800.00			
Total Deferred Charges	35,800.00	35,800.00	35,800.00			
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	44,268.00	44,268.00	44,268.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,846,689.39	1,897,830.82	1,870,840.04	18,260.80	8,729.08	# 85,000.90
Subtotal General Appropriations	8,200,819.39	8,251,960.82	7,648,309.86	128,133.17	390,516.89	# 85,000.90
Reserve for Uncollected Taxes	690,723.22	690,723.22	690,723.22			
<b>Total General Appropriations</b>	<b>\$ 8,891,542.61</b>	<b>\$ 8,942,684.04</b>	<b>\$ 8,339,033.08</b>	<b>\$ 128,133.17</b>	<b>\$ 390,516.89</b>	<b>\$ 85,000.90</b>

	<u>Ref.</u>		<u>A-1</u>	<u>A-1</u>	<u>A-1</u>
2013 Adopted Budget	A-2	\$ 8,891,542.61			
2013 Budget added by N.J.S. 40A:4-87	A-2	51,141.43			
		<b>\$ 8,942,684.04</b>			
Disbursed	A- 4		\$ 7,269,248.04		
Reserve for Uncollected Taxes	A- 7		690,723.22		
Deferred Charges	A-9		35,800.00		
Reserve for State & Federal Grants - Appropriated					
Due to Grant Fund	A-10, A-18		343,261.82		
			<b>\$ 8,339,033.08</b>		

**Note: See Notes to Financial Statements.**

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2014 AND 2013**

		December 31, 2014	December 31, 2013
<u>ASSETS</u>			
	<u>Ref.</u>		
Animal Control Trust Fund			
Cash.....	B-1	\$ 7,919.68	\$ 9,156.84
Total Animal Control Fund		<u>7,919.68</u>	<u>9,156.84</u>
Other Trust Fund			
Cash.....	B-1	795,070.71	711,076.13
Due from Current Fund.....		282.60	309.88
Accounts Receivable - Police Off Duty...	B-5	<u>        </u>	<u>65,866.88</u>
Total Other Trust Fund		<u>795,353.31</u>	<u>777,252.89</u>
Open Space Trust Fund			
Cash.....	B-1	<u>38,487.88</u>	<u>88,580.04</u>
Total Open Sapce Fund		<u>38,487.88</u>	<u>88,580.04</u>
<b>Total Trust Funds</b>		<u><b>\$ 841,760.87</b></u>	<u><b>\$ 874,989.77</b></u>

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2014 AND 2013**

		December 31, 2014	December 31, 2013
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund			
Due State of New Jersey			
Reserve for Animal License Expenditures	B-2	7,919.68	9,156.84
		<u>7,919.68</u>	<u>9,156.84</u>
Total Animal Control Fund		<u>7,919.68</u>	<u>9,156.84</u>
Other Trust Fund			
Due State of New Jersey -			
Fees & Licenses.....	B-3	225.00	225.00
Reserve for Various Trust Activities.....	B-5	795,128.31	777,027.89
		<u>795,353.31</u>	<u>777,027.89</u>
Total Other Trust Fund		<u>795,353.31</u>	<u>777,252.89</u>
Open Space Trust Fund			
Reserve for Open Space.....	B-6	38,487.88	88,580.04
		<u>38,487.88</u>	<u>88,580.04</u>
<b>Total Trust Funds</b>		<u><b>\$ 841,760.87</b></u>	<u><b>\$ 874,989.77</b></u>

Note: See Notes to Financial Statements.



**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2014 AND DECEMBER 31, 2013**

<u>ASSETS</u>	<u>REF.</u>	BALANCE <u>DEC. 31, 2014</u>	BALANCE <u>DEC. 31, 2013</u>
Cash and Investments - Treasurer	C-2	\$ 4,431,246.00	\$ 2,716,614.01
Investments in Special Emergency/Emergency	C-2	141,400.00	177,200.00
Due from State of New Jersey DEP	C-4	1,097,500.00	1,097,500.00
Due from State of New Jersey DOT	C-4	300,000.00	300,000.00
Due from C.D.B.G.	C-4	180,385.00	180,385.00
Deferred Charges to Future Taxation:			
Funded	C-5	8,287,551.23	6,666,422.70
Unfunded	C-6	4,626,389.23	6,987,689.23
<b>Total Assets</b>		<b><u>\$ 19,064,471.46</u></b>	<b><u>\$ 18,125,810.94</u></b>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds	C-9	\$ 7,780,000.00	\$ 6,125,000.00
Bond Anticipation Notes	C-10	4,928,100.00	5,871,100.00
Green Trust Loan Payable	C-13	507,551.23	541,422.70
Reserve for Encumbrances	C-7	759,591.64	801,184.30
Improvement Authorizations:			
Funded	C-8	945,370.45	471,869.41
Unfunded	C-8	2,597,547.78	3,355,211.44
Reserve for:			
Capital Improvement Fund	C-11	94,760.69	4,760.69
Other Reserves	C-12	764,110.63	249,147.07
DEP Grant/Loan Receivable	C-12	672,500.00	672,500.00
Fund Balance	C-1	14,939.04	33,615.33
<b>Total Liabilities, Reserves And Fund Balance</b>		<b><u>\$ 19,064,471.46</u></b>	<b><u>\$ 18,125,810.94</u></b>
Authorized But Not Issued	C-14	<u>\$ 2,158,289.23</u>	<u>\$ 1,116,589.23</u>

Note: See Notes to Financial Statements.

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE- REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>REF.</u>		
Balance - December 31, 2013	C	\$	33,615.33
Increased by:			
Premium on Sale of Bonds/Notes	C-2	<u>14,323.71</u>	<u>14,323.71</u>
			47,939.04
Decreased by:			
Appropriated CY 2014 Current Revenue	C-2	<u>33,000.00</u>	
<b>Balance - December 31, 2014</b>	<b>C</b>	<b>\$</b>	<b><u><u>14,939.04</u></u></b>

Note: See Notes to Financial Statements.

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY  
WATER AND SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2014 AND DECEMBER 31, 2013**

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2014</u>	<u>BALANCE DEC. 31, 2013</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2014</u>	<u>BALANCE DEC. 31, 2013</u>
Operating Fund:				Operating Fund:			
Cash and Investments - Treasurer	D-5	\$ 442,254.22	\$ 325,307.27	Liabilities:			
Due Water & Sewer Utility Capital Fund	D-5		50,000.00	Emergency Notes Payable	D-4, D-11		\$100,000.00
		<u>442,254.22</u>	<u>375,307.27</u>	Appropriation Reserves	D-4, D-14	94,093.23	94,312.64
				Reserve for Encumbrances	D-9	61,842.89	35,297.02
				Water and Sewer Overpayment	D-19	2,658.40	2,182.05
Receivables With Full Reserves:				Prepaid Consumer Accounts	D-20	205,912.12	150,078.63
BRSA Rent Reserve	Reserve	322,291.10	321,847.70	Accrued Int. on Bonds, Notes & Loans	D-15	49,801.66	24,272.10
Consumer Accounts Receivable	D-8	201,364.80	219,054.64				
		<u>523,655.90</u>	<u>540,902.34</u>	Reserve for Receivables	Reserve	414,308.30	406,142.44
Deferred Charges:				Fund Balance	D- 1	27,945.92	69,164.83
Emergency Authorization	D-4		100,000.00			<u>965,910.12</u>	<u>1,016,209.61</u>
		<u>-</u>	<u>100,000.00</u>	Total Operating Fund			
Total Operating Fund		<u>965,910.12</u>	<u>1,016,209.61</u>	Capital Fund:			
				Serial Bonds Payable	D-16	1,070,000.00	
Capital Fund:				Bond Anticipation Notes Payable	D-17	4,290,000.00	3,909,600.00
Cash and Investments - Treasurer	D-5	3,823,990.24	58,449.37	Loans Payable	D	2,637,022.00	
Investment- Emergency Note	D-11		100,000.00	Improvement Authorizations			
Fixed Capital	D-10	3,674,005.39	3,674,005.39	Funded	D-18	37,412.84	7,685.44
Fixed Capital - Authorized and				Unfunded	D-18	1,558,321.65	410,460.31
Uncompleted	D-13	9,670,000.00	5,600,000.00	Reserve for Encumbrances	D-18	2,691,662.19	
State & Federal Grants and Loans	Reserve	4,687,334.00	3,500,000.00	Capital Improvement Fund	D-21	50,087.00	50,087.00
		<u>21,855,329.63</u>	<u>12,932,454.76</u>	Reserve for Amortization	D-22	3,674,005.39	3,674,005.39
Total Capital Fund				Reserve for Deferred Amortization	D-23	1,135,044.00	709,400.00
				Reserve for State & Federal Grants / Loans	Reserve	4,687,334.00	3,500,000.00
				Due Water & Sewer Utility Operating Fund	D-5		50,000.00
				Fund Balance	D-2	24,440.56	11,710.99
				Total Capital Fund		<u>21,855,329.63</u>	<u>12,932,454.76</u>
<b>Total</b>		<b><u>\$ 22,821,239.75</u></b>	<b><u>\$ 13,948,664.37</u></b>	<b>Total</b>		<b><u>\$ 22,821,239.75</u></b>	<b><u>\$ 13,948,664.37</u></b>

There were Bonds and Notes Authorized but not Issued at December 31, 2014 in the amount of \$1,757,934.00. (Exhibit D-24).

Note: See Notes to Financial Statements.

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**WATER AND SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2014</u>	<u>YEAR 2013</u>
Fund Balance	D-3	\$ 69,100.00	\$ 254,660.00
Water and Sewer Rents	D-3	2,965,837.88	3,034,037.41
Miscellaneous	D-3	199,294.65	266,891.04
BRSA Rent Reserve Refunded	D-3		
Unexpended Balance of Approp. Reserves	D-14	<u>22,577.19</u>	<u>6,412.37</u>
Total Revenues		<u>3,256,809.72</u>	<u>3,562,000.82</u>
<u>EXPENDITURES</u>			
Operating	D-4	1,081,000.00	1,279,000.00
Bayshore Regional Sewerage Authority	D-4	1,200,000.00	1,056,000.00
Acquisition of Water	D-4	611,000.00	630,000.00
Capital Improvements	D-4	25,000.00	50,000.00
Debt Service	D-4	147,928.63	473,416.79
Deferred Charges and Statutory Expenditures	D-4	164,000.00	114,000.00
Refunds of Prior Year Revenues	D-5	<u></u>	<u>2,959.58</u>
Total Expenditures		<u>3,228,928.63</u>	<u>3,605,376.37</u>
Excess/(Deficit) in Revenues		27,881.09	-43,375.55
Deferred Charge to be Raised in Budget of Succeeding Year	D	<u></u>	<u>100,000.00</u>
Statutory Excess to Fund Balance		27,881.09	56,624.45
<u>FUND BALANCE</u>			
Balance - January 1	D	<u>69,164.83</u>	<u>267,200.38</u>
		97,045.92	323,824.83
Decreased by:			
Utilization as Anticipated Revenue	D- 1	<u>69,100.00</u>	<u>254,660.00</u>
<b>Balance - December 31</b>	<b>D</b>	<b>\$ <u>27,945.92</u></b>	<b>\$ <u>69,164.83</u></b>

Note: See Notes to Financial Statements.

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**WATER AND SEWER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>REF.</u>	
Balance - December 31, 2013	D	\$ 11,710.99
Increased by:		
Premium on Sale of		
Bonds	D-5	514.57
Bond Anticipation Notes	D-5	<u>12,215.00</u>
		12,729.57
Decreased by:		
Transfer to Operating Budget		
Revenue	D-5	<u>-</u>
<b>Balance - December 31, 2014</b>	<b>D</b>	<b>\$ <u><u>24,440.56</u></u></b>

Note: See Notes to Financial Statements.

**BOROUGH OF KEYPORT**  
**MONMOUTH COUNTY, NEW JERSEY**

**WATER AND SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>REF.</u>	2014 <u>BUDGET</u>	<u>REALIZED</u>	EXCESS OR ( <u>DEFICIT</u> )
Operating Surplus Anticipated		\$ 69,100.00	\$ 69,100.00	\$
Water and Sewer Rents		3,034,000.00	2,965,837.88	-68,162.12
Miscellaneous		210,000.00	199,294.65	-10,705.35
		<hr/>	<hr/>	<hr/>
<b>Total</b>		<b>\$ <u>3,313,100.00</u></b>	<b>\$ <u>3,234,232.53</u></b>	<b>\$ <u>-78,867.47</u></b>
	<u>Ref.</u>	D- 4	D-1	

Note: See Notes to Financial Statements.

**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

**WATER AND SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED		
Operating:						
Salaries and Wages	\$ 550,000.00	\$ 544,000.00	\$ 518,705.20	\$	25,294.80	\$
Other Expenses	612,000.00	612,000.00	473,671.85	16,842.89	46,485.26	75,000.00
Bayshore Regional Sewerage Authority	1,200,000.00	1,200,000.00	1,195,158.16		4,841.84	
Acquisition of Water	605,000.00	611,000.00	565,181.80	45,000.00	818.20	
Capital Improvements:						
Capital Outlay	25,000.00	25,000.00	11,931.00		13,069.00	
Debt Service:						
Payment on Bond Principal						
Payment on Bond Anticipation Notes	30,000.00	30,000.00	30,000.00			
Interest on Bonds	5,000.00	5,000.00	908.06			4,091.94
Interest on Notes	39,419.57	39,419.57	34,340.14			5,079.43
USDA Loan - Principal	18,978.00	18,978.00	18,978.00			
USDA Loan - Interest	63,702.43	63,702.43	63,702.43			
Deferred Charges:						
Emergency Authorizations	100,000.00	100,000.00	100,000.00			
Statutory Expenditures:						
Contribution to:						
Public Employee's Retirement System	15,000.00	15,000.00	15,000.00			
Social Security System (O.A.S.I.)	49,000.00	49,000.00	45,415.87		3,584.13	
<b>Total Water &amp; Sewer Utility Appropriations</b>	<b>\$ 3,313,100.00</b>	<b>\$ 3,313,100.00</b>	<b>\$ 3,072,992.51</b>	<b>\$ 61,842.89</b>	<b>\$ 94,093.23</b>	<b>\$ 84,171.37</b>
Ref.	D-3	D-3	D-1	D-1, D-9	D, D-1	
Disbursed	D-5		\$ 2,874,041.88			
Emergency Authorization	D		100,000.00			
Accrued Interest on Bonds, Notes and Loans	D-15		98,950.63			
			<b>\$ 3,072,992.51</b>			

Note: See Notes to Financial Statements.

**BOROUGH OF KEYPORT**  
**MONMOUTH COUNTY, NEW JERSEY**

**PAYROLL AGENCY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**DECEMBER 31, 2014 AND DECEMBER 31, 2013**

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>BALANCE</u> <u>DEC. 31, 2013</u>
Cash	E-1	\$ <u>3,387.83</u>	\$ <u>2,119.46</u>
<b>Total Assets</b>		<b>\$ <u>3,387.83</u></b>	<b>\$ <u>2,119.46</u></b>
 <u>LIABILITIES</u>			
Due to Current Fund	E	\$ 614.24	\$ 614.24
Payroll Deductions Payable	E-1	<u>2,773.59</u>	<u>1,505.22</u>
<b>Total Liabilities</b>		<b>\$ <u>3,387.83</u></b>	<b>\$ <u>2,119.46</u></b>

Note: See Notes to Financial Statements.



**BOROUGH OF KEYPORT**  
**MONMOUTH COUNTY, NEW JERSEY**

**STATEMENT OF GOVERNMENTAL FIXED ASSETS - REGULATORY BASIS**  
**DECEMBER 31, 2014 AND DECEMBER 31, 2013**

<u>GOVERNMENTAL FIXED ASSETS:</u>	DECEMBER 31 <u>2014</u>	DECEMBER 31 <u>2013</u>
Land	\$ 5,186,100.00	\$ 5,186,100.00
Buildings/Building Improvements	5,481,800.00	5,481,800.00
Motor Vehicles and Equipment	2,985,709.08	2,908,510.08
Machinery and Equipment	344,731.30	344,731.30
Office Furniture and Equipment	163,066.09	163,066.09
Other Equipment	<u>218,914.00</u>	<u>218,914.00</u>
<b>Total Governmental Fixed Assets</b>	<b><u>\$ 14,380,320.47</u></b>	<b><u>\$ 14,303,121.47</u></b>
 <b>Investments in Governmental Fixed Assets</b>	 <b><u>\$ 14,380,320.47</u></b>	 <b><u>\$ 14,303,121.47</u></b>

Note: See Notes to Financial Statements

**BOROUGH OF KEYPORT**  
**MONMOUTH COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2014 AND 2013**

Note 1:      FORM OF GOVERNMENT

The Borough of Keyport operates under the legislative authority of N.J.S.A. 40A: 60-1 et seq., which provides for the election of a mayor to serve a term of four years and a council of six members serving three year terms. At its annual meeting, the council elects a president of the council who shall preside at all its meetings when the mayor is not present. The mayor is the head of the municipal government and the council is the legislative body. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to an administrator and the organization of the council into standing committees to oversee various Borough activities.

Note 2:      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A.            Reporting Entity

Except as noted below, the financial statements of the Borough of Keyport include every board, body, officer or Commission supported and maintained wholly or in part by funds appropriated by the Borough of Keyport, as required by N.J.S.A. 40A: 5-5. Accordingly, the financial statements of the Borough of Keyport do not include the operations of the municipal library, first aid organization or volunteer fire companies, Special Improvement District, and the Joint Municipal Court of Hazlet, Keyport and Matawan.

B.            Description of Funds

The accounting policies of the Borough of Keyport conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 Borough of Keyport accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A: 4-39, the financial transactions of the following funds and accounts are reported within the Trust Fund:

Animal Control Trust Fund, Developer Escrow, Recreational Bayfront Improvement Trust,  
Law Enforcement Trust, Recreation Commission, Unemployment Trust, Other Trust Funds, and  
Open Space Trust

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

## NOTES TO FINANCIAL STATEMENTS

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

#### B. Description of Funds (Cont'd.)

Water and Sewer Operating and Capital Fund - account for the operations and acquisition of capital facilities of the municipally owned water and sewer utility.

Payroll Agency Fund – account for payroll deductions and social security contributions of municipal and utility operations. A payroll Agency fund does not exist under GAAP.

Governmental Fixed Assets - The Governmental Fixed Assets system is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available on any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ from the organization of funds prescribed under the regulatory basis of accounting utilized by the Borough. The resultant presentation of financial position and results of operations in the form of financial statements is not intended to present the basic financial statement presentation required by GAAP.

#### C. Basis of Accounting and Measurement Focus

The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a “current financial resources” measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues - Revenues are recorded when received in cash except for statutory reimbursements and grant funds that are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Borough budget. Receivables for property taxes and water and sewer charges are recorded with offsetting reserves within their respective funds. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of sewer charges, which should be recognized in the period they are earned and become measurable.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

C. Basis of Accounting and Measurement Focus (Cont'd.)

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Borough "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability.

Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts that may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP.

For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Over- expenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2014 is set forth in Note 6.

Compensated Absences - The Borough records expenditures for earned, but unused sick leave and vacation time are not recorded until paid. GAAP requires that expenditures be recorded for earned, but unused vacation and sick leave in an amount that would normally be liquidated with available financial resources.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. For the year ended December 31, 2014 and 2013, the Borough's financial statements reflect a cumulative total of \$97,100.00. GAAP requires such property to be recorded in the general fixed asset account group at the lower of cost or fair market value.

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.

Inventories of Supplies - 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, with the exception of the Water and Sewer Utility Fund. Inventories for the respective years are presented on the balance sheet of the Water and Sewer Utility Fund for information purposes only. These inventories were not considered in the cost of operations for the respective years and were not audited as part of this report. The value was determined by management and accepted as presented to us.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

C. Basis of Accounting and Measurement Focus (Cont'd.)

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property are reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year-end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Governmental Fixed Assets - Property and equipment acquired by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds. Property and equipment acquired by the Water and Sewer Utility Fund are recorded in their respective capital accounts at cost and are adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water and Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements, and costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

N.J.A.C. 5:30-5.6 established a mandate for fixed accounting by municipalities, effective December 31, 1985. The Borough has performed an inventory and included the Governmental Fixed Asset Schedule in the financial statements for years ended December 31, 2014 and 2013.

As N.J.A.C. 5:30 -5.6 states that assets having a useful life of more than five years and an acquisition cost pursuant to OMB A-87 must be capitalized in the governmental fixed asset system. Infrastructure assets are excluded from the governmental fixed asset system. Depreciation is not recorded in the governmental fixed asset system.

Grants Received – Federal and State Grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's Budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Disclosures About Fair Value of Financial Instruments – The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments - The carrying amount approximates fair value because of the short maturity of those instruments.

Long-term debt - The Borough's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Borough's long-term debt is provided in Note 3 to the financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

C. Basis of Accounting and Measurement (Cont'd.)

Recent Accounting Standards

GASB issued Statement No. 72, “Fair Value Measurement and Application” in February 2015. This statement provides guidance for determining the 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 instruments.

GASB issued 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” in June 2015. This Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

GASB issued Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans” in June 2015. This Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

GASB issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” in June 2015. This Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

GASB issued Statement No. 76, “The hierarchy of generally accepted accounting principles for state and local governments”, in June 2015. This Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

C. Basis of Accounting and Measurement (Cont'd.)

Recent Accounting Standards

GASB issued Statement No. 77, "Tax abatement disclosures" in August 2015. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

The Borough does not prepare its financial statements in accordance with Generally Accepted Accounting Principles. The adoption of these new standards will not adversely affect the reporting of the Borough's financial condition.

Use of Estimates – The preparation of financial statements requires management of Borough 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 reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year has been presented in order to provide an understanding of changes on the Borough's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain reclassifications have been made to the fiscal year 2013 financial statements to conform with classifications used in fiscal year 4.

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

Summarized below are the Borough's individual bond and loan issues which were outstanding at December 31, 2014 and 2013:

	<u>YEAR 2014</u>	<u>YEAR 2013</u>
<u>General Debt:</u>		
\$3,000,000, General Improvement Bonds of 2011 due in annual installments of \$200,000 through August 2026, interest at 3.000% to 4.000%.	2,400,000.00	2,600,000.00
\$3,525,000 MCIA Refunding Bonds, Series 2012 due in annual installments of \$305,000 to \$380,000 through December 2023.	3,220,000.00	3,525,000.00
\$2,160,000 MCIA Revenue Bonds, Series 2014 due in annual installments of \$145,000 to \$185,000 through December 2026.	2,160,000.00	
\$5,871,100, General Capital Bond Anticipation Notes issued on 8/2/13 due on 8/1/14, interest at 1.500%.		5,871,100.00
\$4928,100, General Capital Bond Anticipation Notes issued on 8/1/14 due on 7/31/15, interest at 1.25%.	4,928,100.00	
Green Trust Loan	507,551.23	541,422.70
<b>Total General Capital Debt</b>	<b><u>\$ 13,215,651.23</u></b>	<b><u>\$ 12,537,522.70</u></b>
<u>Water and Sewer Utility Debt:</u>		
\$1,070,000 MCIA Revenue Bonds, Series 2014 due in annual installments of \$85,000 to \$95,000 through December 2026.	1,070,000.00	
\$3,909,600, Water and Sewer Utility Bond Anticipation Notes issued on 8/2/13 due on 8/1/14, interest at 1.500%.		3,909,600.00
\$4,290,000, Water and Sewer Utility Bond Anticipation Notes issued on 8/2/13 due on 8/1/14, interest at 1.500%.	4,290,000.00	
\$2,656,000 USDA Water Rehabilitation Loan due in semi-annual installements of \$53,838.00 through December 2054	2,637,022.00	
<b>Total Water and Sewer Utility Debt</b>	<b><u>7,997,022.00</u></b>	<b><u>3,909,600.00</u></b>
<b>Total Debt Issued and Outstanding</b>	<b><u>\$ 21,212,673.23</u></b>	<b><u>\$ 16,447,122.70</u></b>



## NOTES TO FINANCIAL STATEMENTS

### Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

The Local Bond Law, Chapter 40A:2 et seq, governs the issuance of bonds to finance municipal capital expenditures. The Borough's debt is summarized as follows:

#### A. Summary of Municipal Debt for Capital Projects

	<u>YEAR 2014</u>	<u>YEAR 2013</u>
<u>Issued:</u>		
General:		
Bonds and Notes and Loans	\$ 13,215,651.23	\$ 12,537,522.70
Water and Sewer Utility:		
Bonds and Notes	<u>7,997,022.00</u>	<u>3,909,600.00</u>
Total Issued	<u>21,212,673.23</u>	<u>16,447,122.70</u>
<b>Net Issued</b>	<b><u>21,212,673.23</u></b>	<b><u>16,447,122.70</u></b>
 <u>Authorized But Not Issued:</u>		
General:		
Bonds and Notes	2,158,289.23	1,116,589.23
Water and Sewer Utility:		
Bonds and Notes	<u>1,757,934.00</u>	<u>981,000.00</u>
<b>Total Authorized But Not Issued</b>	<b><u>3,916,223.23</u></b>	<b><u>2,097,589.23</u></b>
 <b>Total Bonds and Notes Issued and Authorized but not Issued</b>	<b><u>\$ 25,128,896.46</u></b>	<b><u>\$ 18,544,711.93</u></b>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. 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:

<u>2014</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 4,775,000.00	\$ 4,775,000.00	
Water Utility and Sewer Utility Debt	9,754,956.00	9,754,956.00	
General Debt	<u>15,373,940.46</u>	<u>3,022,560.79</u>	<u>\$ 12,351,379.67</u>
	<u>\$ 29,903,896.46</u>	<u>\$ 17,552,516.79</u>	<u>\$ 12,351,379.67</u>

Net Debt           \$12,351,379.67 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as  
amended       \$663,484,616.67 = 1.86%

<u>2013</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 5,345,000.00	\$ 5,345,000.00	
Water Utility and Sewer Utility Debt	4,890,600.00	4,890,600.00	
General Debt	<u>13,654,111.93</u>	<u>10,897.23</u>	<u>\$ 13,643,214.70</u>
	<u>\$ 23,889,711.93</u>	<u>\$ 10,246,497.23</u>	<u>\$ 13,643,214.70</u>

Net Debt           \$13,643,214.70 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as  
amended       \$676,029,663.00 = 2.02%

The Borough's Borrowing Power Under N.J.S.A. 40A:2-6 as Amended, at December 31, was as follows:

	<u>2014</u>	<u>2013</u>
3 1/2% of Equalized Valuation Basis Municipal Net Debt	<u>\$ 23,221,961.58</u> <u>12,351,379.67</u>	<u>\$ 23,661,038.21</u> <u>13,643,214.70</u>
Remaining Borrowing Power	<u>\$ 10,870,581.91</u>	<u>\$ 10,017,823.51</u>

CY 2014 Equalized Valuation Basis

2012 Equalized Valuation Basis of Real Property	\$ 670,708,760
2013 Equalized Valuation Basis of Real Property	662,622,945
2014 Equalized Valuation Basis of Real Property	<u>657,122,145</u>
Average Equalized Valuation	<u>\$ 663,484,617</u>

CY 2013 Equalized Valuation Basis

2011 Equalized Valuation Basis of Real Property	\$ 694,757,284
2012 Equalized Valuation Basis of Real Property	670,708,760
2013 Equalized Valuation Basis of Real Property	<u>662,622,945</u>
Average Equalized Valuation	<u>\$ 676,029,663</u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd.)

Calculation of "Self-Liquidating Purpose"

Water and Sewer Utility Per N.J.S.A. 40A:2-45

The calculation of "Self-Liquidating Purpose" for the Water and Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

	<u>2014</u>	<u>2013</u>
Cash Receipts from Fees, Rents or Other		
Charges for the Year	\$ 3,234,232.53	\$ 3,555,588.45
Deductions:		
Operating & Maintenance Cost	(3,081,000.00)	(3,031,959.58)
Debt Service Per Water & Sewer Acct.	<u>(147,928.63)</u>	<u>(473,416.79)</u>
Total Deductions	<u>(3,228,928.63)</u>	<u>(3,505,376.37)</u>
Excess/(Deficit) in Revenue	\$ <u>5,303.90</u>	\$ <u>50,212.08</u>

Calculation of "Self Liquidating Purpose" Deduction from Gross Debt

Water & Sewer Debt	\$ 9,754,956.00	\$ 9,754,956.00
Less: Deficit Capitalized at 5%	<u>-</u>	<u>-</u>
Water & Sewer Debt Deductible	<u>9,754,956.00</u>	<u>9,754,956.00</u>

The difference between the excess in revenues for debt statement purposes and the statutory cash basis for the Water and Sewer Utility is as follows:

	<u>2014</u>	<u>2013</u>
Excess/(Deficit) in Revenues - Cash Basis (D-1)	\$ 27,881.09	\$ 56,624.45
Less: Unexpended Balance of Appropriation Reserves	<u>(22,577.19)</u>	<u>(6,412.37)</u>
	<u>(22,577.19)</u>	<u>(6,412.37)</u>
Excess/(Deficit) in Revenue	\$ <u>5,303.90</u>	\$ <u>50,212.08</u>

NOTES TO THE FINANCIAL STATEMENTS

Note DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. Schedule of Annual Debt Service for Principal and Interest for  
Borough Bonded Debt Issued and Outstanding

Year Ending December 31	General		Water and Sewer Utility		Total
	Principal	Interest	Principal	Interest	
2015	\$ 675,000.00	\$ 305,018.89	\$ 85,000.00	\$ 43,716.39	\$ 1,108,735.28
2016	690,000.00	287,500.00	85,000.00	44,150.00	1,106,650.00
2017	735,000.00	263,450.00	85,000.00	41,600.00	1,125,050.00
2018	735,000.00	236,150.00	85,000.00	38,200.00	1,094,350.00
2019	745,000.00	208,750.00	85,000.00	34,800.00	1,073,550.00
2020	760,000.00	180,950.00	85,000.00	31,400.00	1,057,350.00
2021	755,000.00	152,550.00	90,000.00	28,000.00	1,025,550.00
2022	765,000.00	122,500.00	90,000.00	23,500.00	1,001,000.00
2023	765,000.00	88,000.00	95,000.00	19,000.00	967,000.00
2024	480,000.00	51,750.00	95,000.00	14,250.00	641,000.00
2025	480,000.00	34,500.00	95,000.00	9,500.00	619,000.00
2026	480,000.00	17,250.00	95,000.00	4,750.00	597,000.00
Totals	\$ <u>8,065,000.00</u>	\$ <u>1,844,868.89</u>	\$ <u>1,070,000.00</u>	\$ <u>304,366.39</u>	\$ <u>9,559,235.28</u>

D. Green Acres Loan - 1324-03-067

Year Ending December 31	Principal	Interest	Total Payments
2015	34,552.28	9,979.12	44,531.40
2016	35,246.78	9,284.62	44,531.40
2017	35,955.24	8,576.16	44,531.40
2018	36,677.94	7,853.46	44,531.40
2019	37,415.17	7,116.23	44,531.40
2020	38,167.22	6,364.19	44,531.41
2021	38,934.38	5,597.03	44,531.41
2022	39,716.96	4,814.45	44,531.41
2023	40,515.27	4,016.13	44,531.40
2024	41,329.62	3,201.78	44,531.40
2025	42,160.35	2,371.05	44,531.40
2026	43,007.77	1,523.63	44,531.40
2027	43,872.23	659.17	44,531.40
	\$ <u>507,551.23</u>	\$ <u>71,357.04</u>	\$ <u>578,908.27</u>

NOTES TO THE FINANCIAL STATEMENTS

Note DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

E. USDA Loan - 1324-03-067

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2015	38,706.53	68,969.47	107,676.00
2016	39,729.24	67,946.76	107,676.00
2017	40,778.98	66,897.02	107,676.00
2018	41,856.45	65,819.55	107,676.00
2019	42,962.40	64,713.60	107,676.00
2020	44,097.56	63,578.44	107,676.00
2021	45,262.72	62,413.28	107,676.00
2022	46,458.66	61,217.34	107,676.00
2023	47,686.20	59,989.80	107,676.00
2024	48,946.18	58,729.82	107,676.00
2025	50,239.45	57,436.55	107,676.00
2026	51,566.88	56,109.12	107,676.00
2027	52,929.40	54,746.60	107,676.00
2028	54,327.92	53,348.08	107,676.00
2029	55,763.38	51,912.62	107,676.00
2030	57,236.78	50,439.22	107,676.00
2031	58,749.11	48,926.89	107,676.00
2032	60,301.82	47,374.61	107,676.43
2033	61,894.69	45,781.31	107,676.00
2034	63,530.08	44,145.92	107,676.00
2035	65,208.70	42,467.30	107,676.00
2036	66,931.66	40,744.34	107,676.00
2037	68,700.14	38,975.86	107,676.00
2038	70,515.36	37,160.64	107,676.00
2039	72,378.53	35,297.47	107,676.00
2040	74,290.94	33,385.06	107,676.00
2041	76,253.87	31,422.13	107,676.00
2042	78,268.67	29,407.33	107,676.00
2043	80,336.71	27,339.29	107,676.00
2044	82,459.39	25,216.61	107,676.00
2045	84,638.15	23,037.85	107,676.00
2046	86,874.48	20,801.52	107,676.00
2047	89,169.90	18,506.10	107,676.00
2048	91,525.97	16,150.03	107,676.00
2049	93,944.29	13,731.71	107,676.00
2050	96,426.51	11,249.49	107,676.00
2051	98,974.32	8,701.68	107,676.00
2052	101,589.45	6,086.55	107,676.00
2053	104,273.67	3,402.33	107,676.00
2054	<u>53,165.51</u>	<u>672.49</u>	<u>53,838.00</u>
	<u>\$ 2,638,950.67</u>	<u>\$ 1,614,251.80</u>	<u>\$ 4,253,202.47</u>

E. Bond Anticipation Notes

The Borough has issued General Capital Bond Anticipation Notes in the amount of \$4,290,000.00 and Water and Sewer Capital Bond Anticipation Notes in the amount of \$4,928,100.00, bearing and interest rate of 1.250% due on July 31, 2015.

## NOTES TO FINANCIAL STATEMENTS

### Note 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2014 and 2013 were appropriated and included as anticipated revenue in their own respective funds for the succeeding years ending were as follows:

	<u>Fund Balance</u> <u>December 31, 2014</u>	<u>Utilized in</u> <u>Succeeding Budget</u>
Current Fund	\$2,016,931.77	\$110,000.00
Water and Sewer Utility Fund	27,945.92	27,900.00
	<u>Fund Balance</u> <u>December 31, 2013</u>	<u>Utilized in</u> <u>Succeeding Budget</u>
Current Fund	\$90,404.39	\$87,700.00
Water and Sewer Utility Fund	69,164.83	69,100.00

### Note 5: DEFERRED COMPENSATION TRUST FUND

The Borough has instituted a Deferred Compensation Plan pursuant to section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The Borough has engaged a private contractor to administer the plan.

### Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years.

At December 31, 2014, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance</u> <u>December</u> <u>31, 2013</u>	<u>Amount</u> <u>Raised</u> <u>In 2014</u>	<u>Balance</u> <u>December</u> <u>31, 2014</u>
Current Fund:			
Special Emergency Authorization:			
Revision of Master Plan	\$ 7,200.00	\$ 1,800.00	\$ 5,400.00
Revaluation of Real Property	<u>170,000.00</u>	<u>34,000.00</u>	<u>136,000.00</u>
	<u>\$177,200.00</u>	<u>\$35,800.00</u>	<u>\$141,400.00</u>
Water and Sewer Utility			
Operating Fund:			
Emergency Authorization	<u>\$100,000.00</u>	<u>\$100,000.00</u>	<u>\$ 0.00</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS (CONT'D)

At December 31, 2013, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December <u>31, 2012</u>	Amount Raised <u>In 2013</u>	Amount Resulting <u>From 2013</u>	Balance December <u>31, 2013</u>
Current Fund:				
Reassessment of Real Property	\$70,000.00	\$70,000.00	\$ 0.00	\$ 0.00
Revision of Master Plan	9,000.00	9,000.00	1,800.00	7,200.00
Revaluation of Real Property			170,000.00	170,000.00
Emergency Authorization	<u>57,000.00</u>	<u>57,000.00</u>	<u>0.00</u>	<u>0.00</u>
	<u>\$136,000.00</u>	<u>\$136,000.00</u>	<u>\$171,800.00</u>	<u>\$177,200.00</u>
Water and Sewer Utility				
Operating Fund:				
Emergency Authorization	<u>\$50,000.00</u>	<u>\$50,000.00</u>	<u>\$50,000.00</u>	<u>\$50,000.00</u>

### Note 7: DEPOSITS AND INVESTMENTS

State statutes set forth deposit requirements and investments that may be purchased by local units and the Borough deposits and invests its funds pursuant to its policies and an adopted cash management plan.

#### Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insures deposits, or the State of New Jersey Cash Management Fund. New Jersey statute requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

## NOTES TO FINANCIAL STATEMENTS

### Note 7: DEPOSITS AND INVESTMENTS (CONT'D.)

#### Deposits (Cont'd.)

As of December 31, 2014 and 2013, cash and cash equivalents of the Borough on deposit and on-hand consisted of the following:

	<u>2014</u>	<u>2013</u>
Cash (Demand) Accounts	\$10,576,872.57	\$5,060,304.32
Change Funds (on Hand)	<u>525.00</u>	<u>525.00</u>
	<u>\$10,577,397.57</u>	<u>\$5,060,829.32</u>

Based upon GASB criteria, the Borough considers change fund, cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At year-end, the carrying amount of the Borough's deposits was \$10,522,751.51 and the bank balance was \$10,576,872.57. Of the bank balance, \$326,743.55 was covered by Federal depository insurance (FDIC) and \$10,250,129.02 was covered under the provisions of NJGUDPA.

The Borough maintains an investment in Special Emergency Notes issued by the Borough of Keyport, County of Monmouth in the amount of \$141,400 as at December 31, 2014. The Special Emergency Notes are reported as an investment within the General Capital Fund. The Note is not included above.

The Borough has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Borough has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Risk of its cash and investments.

- (a) Custodial Credit Risk – The Borough's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Borough will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Borough's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough and are held by either: the counterparty or the counterparty's trust department or agent but not in the Borough's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Borough will not be able to recover the value of the investment or collateral securities that are in possession of an outside party.
- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments that the Borough has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.
- (c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. In general, the Borough does not have an investment policy regarding Credit Risk except to the extent outlined under the Borough's investment policy.



Note 7: DEPOSITS AND INVESTMENTS (CONT'D.)

Deposits (Cont'd.)

- (d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

As of December 31, 2014 and 2014, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the Borough's bank balances was considered exposed to custodial credit risk.

Investments

New Jersey statutes establish the following securities as eligible for the investment of Borough funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Borough or bonds or other obligations of school districts of which the Borough is a part and within which the school district is located;
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52: 18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is more than 30 days; and
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

Note 7: DEPOSITS AND INVESTMENTS (CONT'D.)

Investments (Cont'd.)

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other Than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

The Borough maintained investments in Special Emergency Notes issued by the Borough of Keyport, County of Monmouth in the amounts of \$177,200 and \$100,000 as at December 31, 2014 in the General Capital and Water and Sewer Utility Capital Funds, respectively.

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1, in each year and filed with the County Board of Taxation by January 10th of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District, County and Fire Districts, the tax rate is struck by the board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector on or before May 13th.

Tax bills are prepared and mailed by the Collector of Taxes of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The NJ Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers.

Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amounts delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

# NOTES TO FINANCIAL STATEMENTS

## Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONT'D.)

### Taxes, Water and Sewer Utility Receivables

Receivables at December 31, 2014 consisted of the following:

Type	Current Fund	Water and Sewer Utility Fund	Total
Real Property Taxes	\$623,148.29		\$618,350.95
Water and Sewer Utility Rents		\$201,837.88	\$219,054.64
Totals	\$623,148.29	\$201,837.88	\$837,405.59

Receivables at December 31, 2013 consisted of the following:

Type	Current Fund	Water and Sewer Utility Fund	Total
Real Property Taxes	\$618,350.95		\$618,350.95
Water and Sewer Utility Rents		\$219,054.64	\$219,054.64
Totals	\$618,350.95	\$219,054.64	\$837,405.59

## Note 9: GOVERNMENTAL FIXED ASSETS

The Borough's governmental fixed assets are reported as follows:

	Balance December 31, 2013	Increase	Decrease	Balance December 31, 2014
Land	\$5,186,100.00			\$5,186,100.00
Buildings/ Bldg. Improvements	5,481,800.00			5,481,800.00
Motor Vehicles & Equipment	2,908,510.08	\$77,199.00		2,985,709.08
Machinery & Equipment	344,731.30			344,731.30
Office Furniture & Equipment	163,066.09			163,066.09
Other Equipment	218,914.00			218,914.00
	<u>\$14,303,121.47</u>	<u>\$77,199.00</u>	<u>\$0.00</u>	<u>\$14,380,320.47</u>

Note 10: PENSION AND RETIREMENT PLANS

Employees of the Borough of Keyport are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Borough who are members of the plan are not available. For 2014, the Borough contributed amounts of \$159,605.79 for PERS and \$369,956.15 for PFRS. For 2013, the Borough contributed amounts of \$184,265.05 for PERS and \$412,654.00 for PFRS.

The State of New Jersey, Department of the Treasury, Division of Pension and Benefits issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. These financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Note 11: POST RETIREMENT HEALTH BENEFITS

P.L. 1997 C.330 provides State paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State is responsible for 80% of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge.

Boroughs of Keyport PERS employees do not receive any post-retirement benefits.

Note 12: ACCRUED SICK AND VACATION BENEFITS

The Borough of Keyport has established policies, which set forth the terms under which an employee may accumulate unused benefits. The Borough permits its employees to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. Effective for financial statements dated December 31, 1987, the state has required all municipalities to disclose the estimated current cost of such unpaid compensation would be \$305,053.00 and \$296,970.00 at December 31, 2014 and 2013, respectively. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability for accrued compensated absences in accordance with GAAP.

Note 13: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Borough is a member of the New Jersey Intergovernmental Insurance Fund – Property and Liability Fund and Worker's compensation fund. The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund participates in the Municipal Excess Liability Program which as a contract for excess liability insurance for property, general liability, auto liability, public official liability, law enforcement liability and workmen's compensation.

The Borough did not have the Insurance Fund reports on file for the year ended December 31, 2014.

## NOTES TO FINANCIAL STATEMENTS

### Note 13: RISK MANAGEMENT (CONT'D.)

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

The following balances are reported for within the Trust Fund in the amount of \$13,154.26 and \$16,622.87, as at December 31, 2014 and 2013, respectively.

### Note 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets as of December 31, 2014:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund (S & F Grant Fund)	\$ 185,403.76	\$ 185,072.12
Trust Fund	282.60	0.00
Payroll Agency Fund	0.00	614.24
	<hr/>	<hr/>
Total	<u>\$ 185,686.36</u>	<u>\$ 185,686.36</u>

### Note 15: COMMITMENTS AND CONTINGENT

#### Federal and State Assistance Programs

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by grantors or their representatives. As of December 31, 2014, the Borough does not believe that any material liabilities will result from such audits.

#### Contingencies – Pending Litigation

As of the day of this report, the Borough had various litigation pending, including but not limited to, worker’s compensation claims, civil litigation and pending disciplinary matters. Based upon all information available, the Borough does not believe that there are any legal matters pending, in the event of an adverse or unfavorable outcome, which would have a material impact upon the Borough’s financial position.

### Note 17: SUBSEQUENT EVENTS

A review of the Borough’s records revealed no subsequent events to be reported as of the date of this report through August 24, 2015

**BOROUGH OF KEYPORT**  
**MONMOUTH COUNTY, NEW JERSEY**

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**PART II**  
**SINGLE AUDIT SECTION**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
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ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:  
AMERICAN INSTITUTE OF CPAS  
NEW JERSEY SOCIETY OF CPAS  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**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**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Borough Council  
Borough of Keyport  
Monmouth County, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Keyport, County of Monmouth, New Jersey as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough of Keyport's basic financial statements and have issued our report thereon dated August 24, 2015. Our report expressed an unqualified opinion on the financial statements in conformity with this regulatory basis. Our report also expressed a modified opinion because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 2.

**Internal Control Over Financial Reporting**

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

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Keyport's financial statements 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 material noncompliance that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

We also noted other matters involving compliance and internal control over financial reporting that we have reported to management of the Borough of Keyport in the General Comments section of the Report of Audit.

#### 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance, Accordingly, this communication is not suitable for any other purpose.



HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants  
Public School Accountants

Highland Park, New Jersey  
August 24, 2015



**HODULIK & MORRISON, P.A.**  
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NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133 AND NJ OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Borough Council  
Borough of Keyport  
Monmouth County, New Jersey

**Report on Compliance for Each Major Federal Program**

We have audited the Borough of Keyport's, County of Monmouth, State of New Jersey compliance with the types of compliance requirements described in the "OMB Circular A-133 Compliance Supplement" and New Jersey OMB Circular 04-04 that could have a direct and material effect on each of the Borough of Keyport's major federal programs for the year ended December 31, 2014. The Borough of Keyport's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Borough of Keyport's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey Circular OMB 04-04. Those standards, OMB Circular A-133, and NJ OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough of Keyport's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

#### Opinion on Each Major Federal Program

In our opinion, the Borough of Keyport, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

#### Report on Internal Control Over Compliance

Management of the Borough of Keyport 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 Borough of Keyport's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Keyport's internal control over compliance.

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

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

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

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants  
Public School Accountants

Highland Park, New Jersey  
August 24, 2015

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

BOROUGH OF KEYPORT  
MIDDLESEX COUNTY, NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT YEAR	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	RECEIPTS OR REVENUE RECOGNIZED	EXPENDITURES	CUMULATIVE EXPENDITURES DEC. 31, 2014
Department of Housing & Urban Development: Pass-through State Department of Community Affairs CDBG - Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	2014		\$ 29,900.00	\$ 26,810.00	\$ 26,810.00	\$ 26,810.00
<b>U.S. Department of Agriculture:</b> Direct Program:							
Water and Waste Disposal Systems for Rural Communities	10.760	Continuous	N/A	7,570,000.00		772,660.00	3,145,900.00
Watershed Protection Grant	10.904	8/19/13-2/28/14		21,000.00	27,300.00	27,300.00	27,300.00
<b>U.S. Department of Health and Human Services:</b> Pass-through State Department of Health & Senior Services: Division of Aging and Community Services Special Programs for the Aging - Title III, Part B - Area Plan Grant for Aging	93.044	1/1/14-12/31/14	46-4275-100-262-12	36,000.00	28,500.00	74,591.37	74,591.37
				<u>\$ 7,656,900.00</u>	<u>\$ 82,610.00</u>	<u>\$ 901,361.37</u>	<u>3,274,601.37</u>

Footnotes:

NOTE: See accompanying Notes to Schedules of Expenditures of Awards.

The Borough's federal grants are presented within the Borough's overall financial statements on the modified accrual basis of accounting with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

N/A - Not Available

**BOROUGH OF KEYPORT**  
**COUNTY OF MONMOUTH, NEW JERSEY**

**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL FINANCIAL ASSISTANCE**  
**DECEMBER 31, 2014 - REGULATORY BASIS**

**NOTE 1: GENERAL**

The accompanying schedule of expenditures of state financial assistance presents the activity of all state financial assistance programs of the Borough of Keyport. The Borough is defined in Note 1 to the financial statements – regulatory basis.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedule of state financial assistance is presented using the basis of accounting as described in Note 2 to the Borough's financial statements – regulatory basis.

**NOTE 3: RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree with amounts reported in the Borough's financial statements – regulatory basis.

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agree with the amounts reported in the related state financial reports, where required.

**BOROUGH OF KEYPORT  
COUNTY OF MONMOUTH, NEW JERSEY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**Section 1 – Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified (OCBOA)

Internal Control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

2) Control Deficiency(s) identified that  
are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   No

Noncompliance material to financial  
statements noted? \_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal Control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

2) Significant deficiencies identified that  
are not considered to be material  
weaknesses? \_\_\_\_\_ Yes   X   No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ Yes   X   No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.760

USDA-Water and Waste Disposal Systems  
for Rural Communities

Dollar threshold used to distinguish between type A and B programs: \$300,000.00

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

**BOROUGH OF KEYPORT  
COUNTY OF MONMOUTH, NEW JERSEY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**  
(continued)

***Section 1 – Summary of Auditor's Results***

**State Awards– Not Applicable – expenditures below \$500,000**

Dollar threshold used to distinguish between type A and type B programs: \$ \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_\_\_ No

Internal Control over financial reporting:

1) Material weakness (es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ No

2) Control Deficiency (s) identified that  
are not considered to be material weaknesses? \_\_\_\_\_ Yes \_\_\_\_\_ No

Type of auditor's report issued on compliance for major programs: \_\_\_\_\_

Any audit findings disclosed that are required to be reported  
in accordance with NJ OMB Circular Letter 04-04? \_\_\_\_\_ Yes \_\_\_\_\_ No

Identification of major programs:

State Account Number(s)

Name of State Program or Cluster

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**BOROUGH OF KEYPORT  
COUNTY OF MONMOUTH, NEW JERSEY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(continued)**

**Section II – Financial Statement Findings**

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the general-purpose financial statements that are required to be reported in accordance with chapter 5.18 of *Governmental Auditing Standards*.

**Significant Deficiency(s)**

None noted.

**Non-Compliance**

None noted.

**Section III – Federal Award and State Financial Assistance Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major state programs, as required by OMB Circular A-133 and NJ OMB Circular 04-04.

**Significant Deficiency(s):**

None noted.

**Non-Compliance:**

None noted.



**BOROUGH OF KEYPORT  
COUNTY OF MONMOUTH, NEW JERSEY**

**SUMMARY SCHEDULE OF PRIOR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

*Section 1 – Summary of Prior Year Findings*

SUMMARY OF PRIOR YEAR FINDINGS

N/A

**BOROUGH OF KEYPORT**  
**MONMOUTH COUNTY, NEW JERSEY**

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**PART III**  
**SUPPLEMENTARY SCHEDULES**

**Current Fund**

**CURRENT FUND  
SCHEDULE OF CASH**

		<u>CURRENT FUND</u>
	<u>Ref.</u>	
Cash Balance December 31, 2013.....	A	\$ 1,169,366.12
Increased by Cash Receipts		
Miscellaneous Anticipated Revenue.....	A-2,A-8	\$ 2,195,513.28
Miscellaneous Revenue Not Anticipated.....	A-2,A-8	61,510.24
Taxes Receivable.....	A-7	16,516,151.56
Due NJ Sr Citizens and Veterans Deductions.....	A-6	45,500.00
Interfund Loans Advanced.....	A-10	175,881.11
Various Accounts Payable & Reserves.....	A-14	30,291.00
Petty Cash Returned.....	A-5	800.00
Emergency Notes Issued	A-15	<u>141,400.00</u>
Total Cash Receipts.....		<u>19,167,047.19</u>
		20,336,413.31
Decreased by Disbursements		
Budget Appropriations.....	A-3	(7,269,248.04)
Appropriation Reserves.....	A-11	(501,299.09)
Tax Overpayments.....	A-12	(1,283.35)
Taxes Payable.....	A-13	(10,700,876.96)
Interfunds Loans Advanced/Returned.....	A-10	(229,822.13)
Various Accounts Payable & Reserves.....	A-14	(477,548.78)
Petty Cash/Change Funds Advanced.....	A-5	(800.00)
Emergency Notes Issued	A-15	<u>(177,200.00)</u>
Total Cash Disbursements.....		<u>(19,358,078.35)</u>
Cash Balance December 31, 2014.....	A	<u>\$ 980,566.44</u>

**CURRENT FUND**  
**SCHEDULE OF CHANGE PETTY CASH AND CHANGE FUNDS**

	Balance December 31, 2013	Advanced	Returned	Balance December 31, 2014
Change Fund				
Tax Collector	\$ 175.00			\$ 175.00
Construction.....	50.00			50.00
Board of Health.....	50.00			50.00
Borough Clerk.....	50.00			50.00
Petty Cash Funds:				
Administration.....		200.00	200.00	
Senior Center.....		200.00	200.00	
Public Works.....		200.00	200.00	
Police.....		200.00	200.00	
<b>Total</b>	<b><u>\$ 325.00</u></b>	<b><u>\$ 800.00</u></b>	<b><u>\$ 800.00</u></b>	<b><u>\$ 325.00</u></b>
<u>Ref.</u>	A	A-4	A-4	A

**SCHEDULE OF DUE FROM STATE OF NEW JERSEY -  
FOR ALLOWABLE DEDUCTIONS PER CHAPTER 20, P.L. 1976  
CURRENT FUND**

	<u>REF.</u>		
Balance - December 31, 2013	A	\$	2,639.20
Increased by:			
Allowable Deductions per			
Tax Billings	A- 7	\$	49,000.00
Senior Citizen Deduction			
Allowed by Collector	A- 7		250.00
Veteran Deduction			
Allowed by Collector	A-4		<u>1,250.00</u>
			<u>50,500.00</u>
			53,139.20
Decreased by:			
Collected	A- 4		45,500.00
Vet. Ded. Disallowed by Collector	A- 7		1,750.00
Sr. Citizen Ded. Disallowed by Collector	A- 1		<u>4,000.00</u>
			<u>51,250.00</u>
<b>Balance - December 31, 2014</b>	<b>A</b>	<b>\$</b>	<b><u><u>1,889.20</u></u></b>
Analysis of Sr. Citizens & Veterans			
<u>Deductions Allowed - 2014 Taxes</u>			
Per Tax Billings	A- 7	\$	49,000.00
Allowed (Disallowed) by Tax Collector (Net)	A- 7	-	<u>2,500.00</u>
<b>Total</b>	<b>A-7</b>	<b>\$</b>	<b><u><u>46,500.00</u></u></b>

**CURRENT FUND  
SCHEDULE OF PROPERTY TAXES RECEIVABLE AND LEVY ANALYSIS**

		Total	Prepaid	Current Year	Prior Years Delinquent	Arrears	Tax Liens	Property Acquired for Taxes
Balance 12/31/2013.....	<u>Ref.</u> A	\$ 791,424.85	\$ -74,321.29	\$	\$ 618,350.95	\$	\$ 150,295.19	\$ 97,100.00
Billings / Levy:								
Original Levy.....	Res.	16,575,696.81		16,575,696.81				
Added & Omitted.....	Res.							
Added Taxes.....	Res.	12,364.66		12,364.66				
Remitted/Canceled Taxes.....	Res.	-2,222.58		-5,972.28	1,750.00		1,999.70	
Transfers								
Tax Lien.....								
Revenue								
Sr.Citizens & Vets.....								
Original Levy.....	A-6	-46,500.00		-46,500.00				
Allowed/Disallowed.....	A-6							
Cash Receipts.....	A-4	-16,516,151.56	-94,786.63	-15,819,688.83	-580,187.68		-21,488.42	
Transfers.....	A-12			-18,430.78	-8,567.35		26,998.13	
Prepaid Applied.....	A-7		74,321.29	-74,321.29				
Balance 12/31/2014.....	<u>Ref.</u> A	\$ <u>814,612.18</u>	\$ <u>-94,786.63</u>	\$ <u>623,148.29</u>	\$	\$	\$ <u>157,804.60</u>	\$ <u>97,100.00</u>
			A	A, A-7			A	A

**Analysis of 2014 Property Tax Levy:**

<u>Tax Yield:</u>			<u>Ref.</u>		<u>Current</u> <u>Taxes Realized:</u>	<u>Ref.</u>	
General Purpose Tax	\$	16,456,404.62	A-13	\$	8,717,811.00	A- 7	\$ 46,500.00
Special District Taxes		119,292.19	A-13		1,585,396.31	A- 7	15,819,688.83
Added Taxes		<u>12,364.66</u>	A-13		86,284.96	A- 7	74,321.29
			A-13		31,348.46		
<b>Total</b>	<b>\$</b>	<b><u>16,588,061.47</u></b>	A-13		1,318.54	A- 1	<u>15,940,510.12</u>
			A-13		160,081.04	A- 3	<u>690,723.22</u>
			A-13		<u>118,000.00</u>		<u>16,631,233.34</u>
					10,700,240.31		
Local Tax for Municipal Purposes							
Add: Additional Tax Levied			A- 2		<u>5,873,116.22</u>	A-13	<u>-10,700,240.31</u>
					14,704.94		
<b>Total</b>	<b>\$</b>	<b><u>16,588,061.47</u></b>			<b>Total</b>	A- 2	<b>\$ <u>5,930,993.03</u></b>

**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLES AND**  
**MISCELLANEOUS REVENUES NOT ANTICIPATED**

	12/31/13	Accrued/ Adjustments	Cash Receipts	12/31/14
Revenue Accounts Receivable:				
Licenses:				
Alcoholic Beverages		\$ 35,516.63	\$ 35,516.63	
Other		\$ 7,856.00	7,856.00	
Fees and Permits				
Construction Code Fees	\$ 6,021.00	\$ 174,105.00	168,084.00	12,042.00
Other		\$ 157,013.25	157,013.25	
Fines and Costs - Municipal Court	7,995.42	\$ 127,908.11	135,573.53	
Interest and Costs on Taxes		\$ 138,427.56	138,427.56	
Cable Television Fees		\$ 99,360.28	99,360.28	
Payment in Lieu of Taxes:				
Senior Citizen Housing		\$ 278,705.00	278,705.00	
Bethany Manor Annex		\$ 68,014.00	68,014.00	
Consolidated Municipal Property Tax Relief Aid		\$ 88,821.00	88,821.00	
Energy Receipts Tax		\$ 625,652.00	625,652.00	
Interlocal Board of Health (Union Beach)		\$ 10,000.00	10,000.00	
Uniform Fire Safety Act	915.00	\$ 74,586.59	74,101.59	1,400.00
Reserve for Sale of Municipal Assets		\$ 128,830.00	128,830.00	
FEMA Reimbursements		\$ 99,858.44	99,858.44	
General Capital Fund Balance		\$ 33,000.00	33,000.00	
Reserve for Infrastructure - General Capital		\$ 36,700.00	36,700.00	
Reserve for Debt Service - General Capital		\$ 10,000.00	10,000.00	
	<b>14,931.42</b>	<b>2,194,353.86</b>	<b>2,195,513.28</b>	<b>13,442.00</b>

	<u>Ref.</u>	A	Reserve	A
Analysis of Miscellaneous Revenues:				
Current Year Collections	A-2, A-4		<u>2,195,513.28</u>	
Subtotal	A-2, A-4		2,195,513.28	
Grants Realized - Grant Fund	A-16		<u>276,504.82</u>	
<b>Total Miscellaneous Revenues Realized</b>	<b>A-2</b>		<b><u>\$ 2,472,018.10</u></b>	



**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLES AND**  
**MISCELLANEOUS REVENUES NOT ANTICIPATED**

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Miscellaneous Revenues Not Anticipated:

Photocopies	
Tire Recycling	
Scrap Metal Recycling	2,019.20
Post Office Land Rent	1,650.00
NSF Charges	220.00
Miscellaneous	4,532.89
Library Reimbursement - Debt Service	
MC JIF Dividend	17,229.15
Interfaith Neighbor Lease	1,950.00
Senior Citizen & Veteran Administrative Fee	960.00
Board of Health	2,402.00
Miscellaneous UCC	9,613.00
Fire Arms Report	322.00
PY Workers Comp Funds	4,130.00
CBS Outdoor Billboard Lease	9,000.00
Union Bveach - Hurricane Sandy Police Costs	4,842.00
Restitution	2,200.00
County DWI Reimbursemnt	440.00
	<hr/>
<u>Ref.</u>	<u>A-1, A-2, A-4</u> \$ <u>61,510.24</u>

**SCHEDULE OF DEFERRED CHARGES**

<u>DESCRIPTION</u>		<u>BALANCE DEC. 31, 2013</u>	<u>AMOUNT RESULTING IN 2014</u>	<u>RAISED IN 2014 BUDGET</u>	<u>BALANCE DEC. 31, 2014</u>
	<u>Date Authorized</u>				
Special Emergency Authorizations					
Revision of Master Plan	2012	-			\$ -
		7,200.00		1,600.00	5,600.00
Revaluatioin of Real Property	2013	170,000.00		34,000.00	136,000.00
		<u>\$ 177,200.00</u>	<u>\$ -</u>	<u>\$ 35,600.00</u>	<u>\$ 141,600.00</u>
	<u>Ref.</u>	A		A-3	A

**CURRENT FUND  
SCHEDULE OF INTERFUNDS**

	12/31/13	Cash Receipts	Cash Disbursements	Budget Revenues	Budget Appropriations	Adjustments	12/31/14
<b>Interfunds</b>							
General Capital Fund.....	\$ -						\$ -
Water and Sewer Operating Fund.....	-						
Payroll Fund.....	(614.24)						(614.24)
Grant Fund.....	173,216.24	175,881.11	(229,794.85)	\$ (276,504.82)	\$ 343,261.82	(1,269.98)	184,789.52
Animal Control Fund.....	-						
Trust - Other Fund.....	309.88		(27.28)				282.60
<b>Total.....</b>	<b>\$ 172,911.88</b>	<b>\$ 175,881.11</b>	<b>\$ (229,822.13)</b>	<b>\$ (276,504.82)</b>	<b>\$ 343,261.82</b>	<b>\$ (1,269.98)</b>	<b>\$ 184,457.88</b>
<u>Ref.</u>	A	A-4	A-4	A-2	A-3	A-1	A
Receivables	\$ (614.24)						\$ (614.24)
Payables	<u>173,526.12</u>						<u>185,072.12</u>
	<u>\$ 172,911.88</u>						<u>\$ 184,457.88</u>

SCHEDULE OF 2013 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2013</u>	<u>TRANSFER</u>	<u>AMOUNT</u> <u>AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Operations Within "CAPS"					
Salaries and Wages:					
Administrative and Executive	\$ 148.00	\$	148.00	\$	148.00
Mayor and Council	17.14		17.14		17.14
Municipal Clerk	1,593.68	-1,500.00	93.68		93.68
Financial Administration	50.10		50.10		50.10
Collection of Taxes	242.70	-200.00	42.70		42.70
Assessment of Taxes	50.10		50.10		50.10
Planning/Zoning Board	14.97		14.97		14.97
Property Maintenance Code	68.77		68.77		68.77
Police Department	17,428.96	-17,400.00	28.96		28.96
Uniform Fire Safety Act	2,222.82		2,222.82		2,222.82
Municipal Prosecutor					
Municipal Court					
Public Defender					
Road Repairs and Maintenance	7,380.50	-7,300.00	80.50		80.50
Garbage and Trash Removal	577.08	-500.00	77.08		77.08
Blood Borne Pathogens - Hepatitis B	1,500.00	-1,500.00			
Board of Health	3.90		3.90		3.90
Recreation	88.07		88.07		88.07
Senior Citizen Community Center	424.04	-400.00	24.04		24.04
State Uniform Construction Code Officials	688.47	-600.00	88.47		88.47
Total Salaries and Wages - Within "CAPS"	<u>32,499.30</u>	<u>-29,400.00</u>	<u>3,099.30</u>		<u>3,099.30</u>
Other Expenses:					
Administrative and Executive	997.64	-500.00	497.64	407.87	89.77
Mayor and Council	483.89	-400.00	83.89		83.89
Municipal Clerk	4,915.86	-700.00	4,215.86	4,201.99	13.87
Revision & Codification of Ordinance	100.00		100.00		100.00
Financial Administration	1,617.97	-1,100.00	517.97	412.05	105.92

SCHEDULE OF 2013 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2013</u>	<u>TRANSFER</u>	<u>AMOUNT</u> <u>AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Audit Services					
Collection of Taxes	338.54		338.54	268.90	69.64
Assessment of Taxes	221.89	-200.00	21.89	19.99	1.90
Revision of Tax Map	186,255.69		186,255.69	185,755.00	500.69
Reassessment of Real Property					
Legal Services	22,719.58	-300.00	22,419.58	22,347.65	71.93
Environmental Commission	585.00	-500.00	85.00		85.00
Engineering Services	3,633.71	-3,600.00	33.71		33.71
Keyport Historical Contracted					
Planning/Zoning Board	235.63	100.00	335.63	255.49	80.14
Revision of Master Plan	100.00		100.00		100.00
Property Maintenance Code	285.03	-200.00	85.03		85.03
Liability Insurance	69.80		69.80		69.80
Workmen's Compensation	93.93		93.93		93.93
Employee Group Insurance	94.89		94.89		94.89
Health Benefit Waiver	78.80		78.80		78.80
Police Department	17,983.26	-2,000.00	15,983.26	15,354.88	628.38
Police Clothing Allowance	10,284.77	-5,000.00	5,284.77	5,052.69	232.08
Acquisition of Vehicle	33,000.00		33,000.00	32,921.63	78.37
Acquisition of Firearms					
Police Auxiliary	500.00	-500.00			
Emergency Management Service	965.18		965.18	905.50	59.68
Aid to Volunteer Fire Companies	2,660.00	-500.00	2,160.00	2,160.00	
First Aid Contributions	278.41		278.41	13.05	265.36
Fire Department	33,814.51	800.00	34,614.51	34,602.38	12.13
Uniform Fire Safety Act	2,419.08		2,419.08	258.00	2,161.08
Municipal Court	10.90		10.90		10.90
Public Defender					
Road Repairs and Maintenance	13,535.46	12,100.00	25,635.46	25,557.57	77.89
Garbage and Trash Removal	710.86	-500.00	210.86	128.00	82.86
Garbage and Trash Removal - Contracted (40A:4-85)	18,441.33	-500.00	17,941.33	17,916.67	24.66
Public Buildings and Grounds	13,274.58	2,000.00	15,274.58	15,207.49	67.09
Blood Borne Pathogens - Hepatitis B	1,000.00	-1,000.00			

**SCHEDULE OF 2013 APPROPRIATION RESERVES**

	<u>BALANCE</u> <u>DEC. 31, 2013</u>	<u>TRANSFER</u>	<u>AMOUNT</u> <u>AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Board of Health	492.02		492.02	491.20	0.82
Bayshore Youth Services Bureau	250.00		250.00	250.00	
Recreation	2,223.50		2,223.50	2,223.50	
Senior Citizen Community Center	990.76		990.76	843.26	147.50
Senior Citizen Transportation Contracted	2,192.00	-1,400.00	792.00	780.00	12.00
Parks and Playgrounds	9,279.21	-3,400.00	5,879.21	5,836.35	42.86
Celebration of Public Events	1,441.05	-1,400.00	41.05		41.05
Postage	684.17	-300.00	384.17	296.75	87.42
State Uniform Construction Code Officials	1,268.64	-700.00	568.64	484.40	84.24
Fuel for Motor Vehicles	13,248.76	-6,200.00	7,048.76	7,043.51	5.25
Telephone	5,624.97	-3,300.00	2,324.97	2,248.01	76.96
Street Lighting	12,117.82	-2,300.00	9,817.82	9,736.81	81.01
Fuel Oil	2,285.76	3,400.00	5,685.76	5,675.59	10.17
Natural Gas	1,916.82	7,700.00	9,616.82	9,577.28	39.54
Electricity	5,259.32	-2,000.00	3,259.32	3,191.05	68.27
Landfill Disposal Costs	13,321.67	-500.00	12,821.67	12,733.11	88.56
Contingent	500.00		500.00		500.00
Contribution to Social Security Systems (O.A.S.I.)	4,137.65	-4,100.00	37.65		37.65
Public Employee's Retirement System	34.95		34.95		34.95
Police & Fire Retirement System		46,400.00	46,400.00	46,387.30	12.70
Total Other Expenses - Within "CAPS"	<u>448,975.26</u>	<u>29,400.00</u>	<u>478,375.26</u>	<u>471,544.92</u>	<u>6,830.34</u>
Total Appropriation Reserves - Within "CAPS"	<u>481,474.56</u>		<u>481,474.56</u>	<u>471,544.92</u>	<u>9,929.64</u>
Operations Excluded from "CAPS"					
Other Expenses:					
Maintenance of Free Public Library (P.L. 1985, Ch 541)	7,964.43		7,964.43	7,900.00	64.43
911 Services (County of Monmouth)	393.00		393.00		393.00
Recycling (Hazlet)	3,100.00		3,100.00	1,925.00	1,175.00
Acquisition of Firefighter Turnout Gear	<u>20,000.00</u>		<u>20,000.00</u>	<u>19,929.17</u>	<u>70.83</u>
Total Other Expenses Excluded from "CAPS"	<u>31,457.43</u>		<u>31,457.43</u>	<u>29,754.17</u>	<u>1,703.26</u>

SCHEDULE OF 2013 APPROPRIATION RESERVES

		<u>BALANCE DEC. 31, 2013</u>	<u>TRANSFER</u>	<u>AMOUNT AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
Total Appropriation Reserves - Excluded from "CAPS"		<u>31,457.43</u>	<u>                    </u>	<u>31,457.43</u>	<u>29,754.17</u>	<u>1,703.26</u>
Total Appropriation Reserves		\$ <u>512,931.99</u>	\$ <u>                    </u>	\$ <u>512,931.99</u>	\$ <u>501,299.09</u>	\$ <u>11,632.90</u>
	<u>Ref.</u>	A		A	A-4	A- 1
2013 Appropriation Reserves	A	\$ 124,854.52				
Reserve for Encumbrances	A	<u>388,077.47</u>				
Total		\$ <u>512,931.99</u>				

**CURRENT FUND**  
**SCHEDULE OF PROPERTY TAX OVERPAYMENTS**

	<u>Ref.</u>	
Balance - December 31, 2013.....	A	\$ 1,283.35
Decreased By:		
Overpayments Refunded	A-4	<u>1,283.35</u>
<b>Balance - December 31, 2014.....</b>	<b>A</b>	<b><u>\$ -</u></b>



**CURRENT FUND  
SCHEDULE OF TAXES PAYABLE**

	12/31/13	Taxes Levied	Cash Disbursements	Adjustments	12/31/14
County Taxes Payable.....		\$ 1,703,029.73	\$ (1,703,029.73)		
County - Added and Omitted.....	1,955.19	1,318.54	-1,955.19		\$ 1,318.54
Municipal Open Space Tax Payable.....		160,081.04	-160,081.04		
Local School District Taxes.....		8,717,811.00	-8,717,811.00		
Business Improvement District Taxes.....		118,000.00	-118,000.00		
<b>Total.....</b>	<b>\$ 1,955.19</b>	<b>\$ 10,700,240.31</b>	<b>\$ (10,700,876.96)</b>	<b>\$ -</b>	<b>\$ 1,318.54</b>
<u>Ref.</u>	A	A-1, A-7	A-4	A-1	A

**CURRENT FUND**  
**SCHEDULE OF VARIOUS ACCOUNTS PAYABLES & RESERVES**

	12/31/13	Transfer from/(to) Budget	Cash Receipts	Cash Disbursements	Adjustments	12/31/14
Accounts Payable:						
Vendor Accounts Payable.....	\$ 33,068.02					\$ 33,068.02
Subtotal	33,068.02	-	-	-	-	33,068.02
Reserve for:						
Senior Programs.....	6,009.97		30,291.00 -	33,635.84		2,665.13
Reserve for Sale of Municipal Assets.....	128,830.00		-	128,830.00		-
Reserve for Tax Appeals.....	150,000.00		-	315,082.94	165,082.94	-
	-					-
Subtotal	284,839.97	-	30,291.00 -	477,548.78	165,082.94	2,665.13
<b>Total.....</b>	<b>\$ 317,907.99</b>	<b>-</b>	<b>\$ 30,291.00</b>	<b>-\$ 477,548.78</b>	<b>\$ 165,082.94</b>	<b>\$ 35,733.15</b>
<u>Ref.</u>	A		A-4	A-4	A-1	A

**SCHEDULE OF SPECIAL EMERGENCY/EMERGENCY NOTES PAYABLE**

**Exhibit - A-15**

	<u>ORIGINAL DATE ISSUED</u>	<u>DATE OF ISSUE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2013</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2014</u>
<u>Special Emergency Note Payable</u>								
Reassessment of Real Property	2012	2014	2015	0.00%	\$ 7,200.00	\$ 5,400.00	\$ -7,200.00	\$ 5,400.00
Revision of Master Plan	2013	2014	2015	0.00%	170,000.00	136,000.00	-170,000.00	136,000.00
Revaluation of Real Property								
<b>Total</b>					<b>\$ <u>177,200.00</u></b>	<b>\$ <u>141,400.00</u></b>	<b>\$ <u>-177,200.00</u></b>	<b>\$ <u>141,400.00</u></b>
<u>Ref.</u>					A	A-4	A-4	A

**SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE**  
**GRANT FUND**

**Exhibit - A-16**

<u>GRANT</u>	<u>BALANCE</u> <u>DEC. 31,2013</u>	2014 BUDGET <u>REVENUE</u> <u>REALIZED</u>	<u>RECEIVED</u> <u>2014</u>	<u>UNAPPROPRIATED</u> <u>REALIZED</u>	<u>CANCELLED</u>	<u>BALANCE</u> <u>DEC. 31,2014</u>
Municipal Drug Alliance Grant	\$ 14,611.51	\$ 44,384.00	\$ 28,077.50	\$	\$	\$ 30,918.01
Office on Aging	36,000.00	36,000.00	34,885.00		1,115.00	36,000.00
Recycling Tonage Grant		6,914.92		6,914.92		
NJ Body Armor Replacement Grant		2,212.48		2,212.48		
NJ DEP Hazardous Discharge Site Remediation		20,841.00	20,841.00			
Hurricane Sandy National Emergency Grant	12,298.10		2,593.77			9,704.33
Clean Communities		12,441.43	12,441.43			
Alcohol Education and Rehabilitation		2,110.99		2,110.99		
NJ DCA Post Sandy Planning Assistance Grant	29,900.00		26,810.50			3,089.50
Monmouth Cty Open Space - Veterans Park		101,000.00				101,000.00
DWI Saturation Patrol Grant	12,800.00					12,800.00
USDA Watreshed Protection Grant		27,300.00	27,300.00			
NJ DEP Public Access Plan Development		11,900.00				11,900.00
FEMA - FY 2013 Assistance to Fir fighters		11,400.00	11,400.00			
<b>Total</b>	<b>\$ 105,609.61</b>	<b>\$ 276,504.82</b>	<b>\$ 164,349.20</b>	<b>\$ 11,238.39</b>	<b>\$ 1,115.00</b>	<b>\$ 205,411.84</b>
<u>Ref.</u>	A	A-2, A-17	A-4	A-19	A-1	A

**SCHEDULE OF DUE CURRENT FUND  
GRANT FUND**

	<u>Ref.</u>		
Balance December 31, 2013 - Due From	A	\$	173,216.24
Increased By:			
2014 Budget Appropriations	A-18	343,261.82	
Cash Collections	A-16	<u>175,881.11</u>	
			519,142.93
Decreased By:			
2014 Budget Revenues	A-18	276,504.82	
Grants Canceled - Net	A-16,A-18	1,269.98	
Cash Disbursements	A-18	<u>229,794.85</u>	
			<u>507,569.65</u>
<b>Balance December 31, 2014 - Due From</b>	<b>A</b>	<b>\$</b>	<b><u><u>184,789.52</u></u></b>

**SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED  
GRANT FUND**

**Exhibit - A-18**

<u>GRANT/AID PROGRAM</u>	<u>BALANCE DEC. 31, 2013</u>	<u>ENC. DEC. 31, 2013</u>	<u>TRANSFERRED FROM 2014 BUDGET</u>	<u>PAID OR CHARGED</u>	<u>ENC. DEC. 31, 2014</u>	<u>ADJUSTMENTS / CANCELLED</u>	<u>BALANCE DEC. 31, 2014</u>
Alcohol Education and Rehabilitation	\$ 3,438.67	\$	\$ 2,110.99	\$	\$		\$ 5,549.66
Municipal Drug Alliance	10,661.13		55,481.00	36,953.53	2,214.67		26,973.93
Monmouth County Open Space - Veterans Park			101,000.00				101,000.00
Drunk Driving Enforcement Fund	19,945.33			1,640.00			18,305.33
Recycling Tonnage Grant	16,459.54	1,740.00	6,914.92	6,659.23	488.49		17,966.74
Clean Communities Program	6,099.42	5,416.74	12,441.43	11,109.69	2,361.65		10,486.25
Office on Aging	154.98	431.75	91,660.00	74,591.37	1,528.65	154.98	15,971.73
Body Armor Replacement Grant	3,842.26	2,428.80	2,212.48	3,392.40	1,792.70		3,298.44
Hurricane Sandy National Emergency Grant	9,911.25			5,002.50			4,908.75
NJ DEP Hazardous Discharge Site Remediation	155,397.59		20,841.00	36,335.63			139,902.96
DWI Saturation Patrol	1,760.00						1,760.00
NJ DCA Post Sandy Planning Assistance Grant		29,900.00		26,810.50			3,089.50
NJ DEP-Municipal Public Access Plan Development			11,900.00				11,900.00
USDA Watershed Protection Grant			27,300.00	27,300.00			
FEMA _ FY 2013 Assistance to Firefighters			11,400.00		11,400.00		
<b>Total</b>	<b>\$ 227,670.17</b>	<b>\$ 39,917.29</b>	<b>343,261.82</b>	<b>\$ 229,794.85</b>	<b>\$ 19,786.16</b>	<b>\$ 154.98</b>	<b>\$ 361,113.29</b>
<u>Ref.</u>	A	A	A-3, A-17	A-4	A	A-1	A

**SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS**  
**UNAPPROPRIATED GRANT FUND**

<u>GRANTS</u>	BALANCE <u>DEC. 31, 2013</u>	<u>RECEIPTS</u>	APPLIED TO STATE & FED GRANTS <u>RECEIVABLE</u>	BALANCE <u>DEC. 31, 2014</u>
Recycling Tonnage Grant	\$6,914.92	\$2,245.04	\$6,914.92	\$2,245.04
Body Armor Replacement Grant	2,212.48	5,291.60	2,212.48	5,291.60
Alcohol Education and Rehabilitation	<u>2,110.99</u>	<u>1,765.27</u>	<u>2,110.99</u>	<u>1,765.27</u>
<b>Total</b>	<b><u>\$11,238.39</u></b>	<b><u>\$9,301.91</u></b>	<b><u>\$11,238.39</u></b>	<b><u>\$9,301.91</u></b>
<u>Ref.</u>	A	A-4	A-16	A

**Trust Fund**



**STATEMENT OF CASH**  
**ANIMAL CONTROL AND OTHER TRUST FUNDS**

	REF.	ANIMAL CONTROL FUND	OTHER TRUST FUND	OPEN SPACE TRUST FUND
Balance - December 31, 2013	B	\$ 9,156.84	\$ 711,076.13	\$ 88,580.04
Increased by Receipts:				
Animal Control Fees	B-2	\$ 3,505.80		
Budget Appropriation	B-2	13,000.00		
Interfunds	B-4		\$27.28	
Receipts of Various Trust Fund				
Deposits & Reserves	B-5		1,703,422.57	
Tax Levy	B-6			160,081.04
Interest on Deposits/Miscellaneous	B-6			
State Fees	B-3		1,060.00	
		<u>16,505.80</u>	<u>1,704,509.85</u>	<u>160,081.04</u>
		25,662.64	2,415,585.98	248,661.08
Decreased by Disbursements:				
Expenditures for Animal Control	B-2	17,742.96		
Expenditures for Open Space	B-6			210,173.20
Due to the State of New Jersey	B-3		1,090.00	
Disbursements of Various Trust Fund				
Deposits & Reserves	B-5		1,619,425.27	
		<u>17,742.96</u>	<u>1,620,515.27</u>	<u>210,173.20</u>
Balance - December 31, 2014		<u>\$ 7,919.68</u>	<u>\$ 795,070.71</u>	<u>\$ 38,487.88</u>

## Exhibit - B-2

**ANIMAL CONTROL FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES**

	<u>Ref.</u>		
Balance December 31, 2013	B	\$	9,156.84
Increased by:			
Dog and Cat Licenses	B-1	3,505.80	
Budget Appropriation	B-1	<u>13,000.00</u>	
			<u>16,505.80</u>
			25,662.64
Decreased by:			
Expenditures	B-1	<u>17,742.96</u>	
<b>Balance December 31, 2014</b>	<b>B</b>	<b><u>\$</u></b>	<b><u>7,919.68</u></b>

## Exhibit - B-3

**OTHER TRUST FUNDS**  
**SCHEDULE OF DUE TO STATE OF NEW JERSEY - FEES & LICENSES**

	<u>Ref.</u>		
Balance December 31, 2013	B	\$	255.00
Increased by:			
State Fees Collected	B-1	<u>1,060.00</u>	
			1,315.00
Decreased by:			
Payments to State of New Jersey	B-1	<u>1,090.00</u>	
<b>Balance December 31, 2014</b>	<b>B</b>	<b><u>\$</u></b>	<b><u>225.00</u></b>

**Exhibit - B-4**

**OTHER TRUST FUNDS  
DUE CURRENT FUND**

	<u>Ref.</u>	
Balance December 31, 2013 ( Due from )	B	\$ 309.88
Decreased by:		
Cash Receipts	B-1	<u>27.28</u>
<b>Balance December 31, 2014 ( Due from )</b>	<b>B</b>	<b><u>\$ 282.60</u></b>

**OTHER TRUST FUNDS  
SCHEDULE OF TRUST FUND DEPOSITS AND RESERVES**

	Balance December 31, 2013	Cash		Balance December 31, 2014
		Receipts	Disbursements	
Cellular Tower Lease	\$ 6,267.02	\$	\$	\$ 6,267.02
Premium on Tax Sale	372,500.00	218,100.00	(275,100.00)	315,500.00
Welcome Center	100.00			100.00
Cash Repair Deposits	43,216.00	999.00		44,215.00
POAA	2,961.52			2,961.52
Public Defender Fees	10,610.75			10,610.75
Municipal Drug Alliance	4,099.92		(400.00)	3,699.92
Construction Debris Deposits	10,503.00			10,503.00
Material Disposition	350.00			350.00
Law Enforcement Trust	13,027.85			13,027.85
Developer's Escrow Deposits	188,061.95	145,417.19	(95,085.65)	238,393.49
Bayfront Improvements	46,439.57	47,363.11	(49,009.63)	44,793.05
Recreation Commission	52,176.91	25,402.63	(16,264.21)	61,315.33
Unemployment	16,622.87	46,487.33	(49,955.94)	13,154.26
Donations - Maint. & Beautification	583.06			583.06
Reserve for Recreation Events	9,227.47			9,227.47
Reserve for Disaster Assistance - Sandy	250.00			250.00
Reserve for TTL Redemptions		1,115,308.37	(1,095,131.78)	20,176.59
Reserve/Accounts Receivable -Police Off Duty	(65,866.88)	104,344.94	(38,478.06)	-
<b>Total</b>	<b>\$ 711,131.01</b>	<b>\$ 1,703,422.57</b>	<b>\$ (1,619,425.27)</b>	<b>\$ 795,128.31</b>
<u>Ref.</u>	B	B-1	B-1	B

**OPEN SPACE TRUST FUND**  
**RESERVE FOR OPEN SPACE TRUST FUND**

	<u>Ref.</u>		
Balance December 31, 2013	B		\$ 88,580.04
Increased by:			
Cash Receipts	B-1	<u>160,081.04</u>	<u>160,081.04</u>
			248,661.08
Decreased by:			
Cash Disbursement	B-1	<u>210,173.20</u>	<u>210,173.20</u>
<b>Balance December 31, 2014</b>	<b>B</b>		<b><u>\$ 38,487.88</u></b>

**General Capital Fund**

**SCHEDULE OF GENERAL CAPITAL FUND CASH  
AND INVESTMENTS - TREASURER**

	<u>REF.</u>	
Balance - December 31, 2013	C	\$ 2,893,814.01
Increased by Receipts:		
Premium Received on Sale of Bonds/ Bond Anticipation Notes	C-1	14,323.71
Budget Appropriations - Deferred Charges	C-6	281,300.00
Various Reserves	C-12	561,663.56
Capital Improvement CY 2014 Approp.	C-11	110,000.00
Proceeds from Sale of Bonds	C-6, C-9	2,460,000.00
Proceeds from Sale of Bond Anticip. Notes	C-10	4,928,100.00
		<hr/>
		8,355,387.27
		<hr/>
		11,249,201.28
Decreased by Disbursements:		
Improvement Authorizations	C-8	(725,755.28)
Various Reserves	C-12	(46,700.00)
Due Current Fund - Capital Surplus		
Appropriated as Current Fund Revenue	C-1	(33,000.00)
Redemption of Bond Anticip. Notes	C-10	(5,871,100.00)
		<hr/>
		(6,676,555.28)
		<hr/>
<b>Balance - December 31, 2014</b>	<b>C, C-3</b>	<b>\$ 4,572,646.00</b>
		<hr/>
Cash & Investments	C	\$ 4,431,246.00
Investment in Special Emergency Note	C	141,400.00
		<hr/>
		\$ 4,572,646.00
		<hr/>

**GENERAL CAPITAL FUND**  
**ANALYSIS OF CASH AND INVESTMENTS**

	<u>Ref.</u>	<u>BALANCE DECEMBER 31, 2014</u>
Fund Balance	C-1	\$ 14,939.04
State & Federal Grants Receivable		(1,577,885.00)
Improvement Authorizations Funded		945,370.45
Improvement Authorizations Expended		(83,274.89)
Unexpended BAN Cash		2,981,094.40
Resrve for Encumbrances		759,591.64
Reserve for:		
Capital Improvement Fund		94,760.69
Various Reserves		764,110.63
DEP Grant Receivable		672,500.00
Fund Balance		<u>1,439.04</u>
<b>Total</b>	<b>C, C-2</b>	<b>\$ <u><u>4,572,646.00</u></u></b>
Cash	C	\$ 4,431,246.00
Investment in Emergency Notes	C	<u>141,400.00</u>
<b>Total</b>		<b>\$ <u><u>4,572,646.00</u></u></b>



SCHEDULE OF VARIOUS GRANTS, LOANS AND OTHER RECEIVABLES

	Ordinance Number	Balance December 31, 2013	Balance December 31, 2014
State & Federal Grant Receivables:			
State of NJ DOT:			
Osborn Street	08-12	50,000.00	50,000.00
Elizabeth Street	13-Aug	250,000.00	250,000.00
Subtotal		<u>300,000.00</u>	<u>300,000.00</u>
State of NJ DEP:			
Waterfront Park	23-08	425,000.00	425,000.00
Waterfront Park - Grant	23-08	299,375.00	299,375.00
Waterfront Park - Loan	23-08	373,125.00	373,125.00
Subtotal		<u>1,097,500.00</u>	<u>1,097,500.00</u>
CDBG:			
Luppataatong Ave. Area Road Improv.	13-Jun	180,385.00	180,385.00
Subtotal		<u>180,385.00</u>	<u>180,385.00</u>
<b>Total</b>		<b>\$ <u>1,577,885.00</u></b>	<b>\$ <u>1,577,885.00</u></b>

Ref.

C

C

## SCHEDULE OF DEFERRED CHARGES - FUNDED

	<u>Ref.</u>	
Balance - December 31, 2013	C	\$ 6,666,422.70
Increased by:		
Bonds/Loans Issued		<u>2,160,000.00</u>
		8,826,422.70
Decreased by:		
Serial Bonds From Budget Appropriation	C-9	(505,000.00)
Loans From Budget Appropriation		<u>(33,871.47)</u>
		<u>(538,871.47)</u>
<b>Balance - December 31, 2014</b>	<b>C</b>	<b><u>\$ 8,287,551.23</u></b>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDEDANALYSIS OF BALANCE  
DECEMBER 31, 2014

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2013	2014 AUTHOR	TRANSE. TO DEFERRED CHARGES FUNDED	2014 FUNDING	BALANCE DEC. 31, 2014	BOND ANTICIPATION NOTES	EXPENDED	UNEXPENDED BALANCE IMPROV. AUTHOR
<u>General Improvements:</u>									
28-02	Acquisition of Fire Trucks, Equipment and Non-Passenger Vehicles	\$ 100.00	\$	\$	\$	100.00	\$	100.00	\$
8-03, 5-04	Improvements to Therese Street	40,000.00				40,000.00		33,112.75	6,887.25
15-03	Construction of a Public Works Complex	776,900.00			-50,300.00	726,600.00	16,100.00	4,455.98	706,044.02
20-03, 12-04	Improvements to Atlantic Street	100,000.00				100,000.00			100,000.00
26-03	Various 2003 Capital Improvements	260.00				260.00		260.00	
28-03	Improvements to Benjamin Terry Park Bulkhead	54,000.00				54,000.00		638.81	53,361.19
14-04, 22-05	Construction of Waterfront Park	622,000.00			-95,000.00	527,000.00	527,000.00		
08-05	Reconstruction of Third Street	73.00				73.00			73.00
25-05, 04-06	Replacement of Borough Hall Roof	100,000.00		-100,000.00					
07-07	Improvements to Cedar Street								
09-08	Beers Street Improvement	252,000.00		-236,000.00	-16,000.00				
23-08	Waterfront Park and Related Improvements	785,656.23			-30,000.00	755,656.23	735,000.00		20,656.23
25-08	Various Capital Improvements	239,400.00		-165,100.00	-34,300.00	40,000.00			40,000.00
2-09	Various Capital Improvements - Beers II, Maple Pl, 35/36 Jug	554,000.00		-207,000.00	-322,000.00	25,000.00			25,000.00
11-10	Improvements to Beers Street - Phase III	101,300.00		-97,600.00	-3,700.00				
08-11	Var. Improvements	150,000.00		-144,000.00	-6,000.00				
09-11	Various Roadway Improvements	445,000.00		-320,100.00	-24,000.00	100,900.00			100,900.00
08-12	Osborn Street Improvements	700,000.00		-343,200.00		356,800.00		44,707.35	312,092.65
01-13	Improv. And Reapirs Waterfront	1,330,000.00				1,330,000.00	1,000,000.00		330,000.00
06-13	Improvements Luppataong Ave Area	447,000.00		-447,000.00					
08-13	Improvements Elizabeth Avenue	100,000.00		-100,000.00					
11-13	Acquisition of Var. Equip. and Vehicle	190,000.00				190,000.00	190,000.00		
08-14	Acquis. Of Var. Capital Equip. and Vehicles		380,000.00			380,000.00			380,000.00
<b>Total</b>		<b>\$ 6,987,689.23</b>	<b>\$ 380,000.00</b>	<b>\$ -2,160,000.00</b>	<b>\$ -581,300.00</b>	<b>\$ 4,626,389.23</b>	<b>\$ 2,468,100.00</b>	<b>\$ 83,274.89</b>	<b>\$ 2,075,014.34</b>
Ref.		C	C-8	C-9	C-2	C			

**SCHEDULE OF RESERVE FOR ENCUMBRANCES  
GENERAL CAPITAL FUND**

	<u>BALANCE DEC. 31, 2013</u>	<u>CY 2014 ENCUMBRANCES</u>	<u>TRANSFERRED TO IMPROV. AUHTORIZATIONS</u>	<u>BALANCE DEC. 31, 2014</u>
Reserve for Encumbrances	\$ 801,184.30	\$ 759,591.64	\$ 801,184.30	\$ 759,591.64
<b>Total</b>	<b><u>\$ 801,184.30</u></b>	<b><u>\$ 759,591.64</u></b>	<b><u>\$ 801,184.30</u></b>	<b><u>\$ 759,591.64</u></b>
<u>Ref.</u>	C	C-8	C-8	C

## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS - GENERAL CAPITAL FUND

2014 AUTHORIZATIONS												
ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE - DEC. 31, 2012 FUNDED	UNFUNDED	DEFERRED UNFUNDED	OTHER FUNDING	RES FOR ENCUM. 2013	PAID OR CHARGED	RES FOR ENCUM. 2014	BALANCE - DEC. 31, 2014 FUNDED	UNFUNDED
General Improvements:												
23-00/	Construction of Municipal Building	11/21/00	400,000.00									
12-03	and Other Related Expenses	05/06/03	1,000,000.00	\$ 75.30	\$	\$	\$	\$	\$	\$	\$ 75.30	\$
10-01	Various Capital Improvements	07/10/01	273,000.00									
05-04	Improvements to Therese Street (CDBG \$199,635)	05/04/04	150,000.00		6,887.25							6,887.25
15-03	Construction of Public Works Complex	05/20/03	850,000.00		706,044.02							706,044.02
12-04	Improvements to Atlantic Street (NJDOT \$310,000)	07/06/04	450,000.00	9,381.25	100,000.00						9,381.25	100,000.00
28-03	Improvments to Benjamn Terry Park Bulkhead	10/07/03	100,000.00		53,361.19							53,361.19
11-04	Replacement of William A. Ralph Pier (NJDEP \$340,750)	07/06/04	850,000.00	56,374.02							56,374.02	
22-05	Construction of Waterfront Park	10/18/05	400,000.00		135,876.06			728.00	-728.00			135,876.06
08-05	Reconstruction of Third Street (CDBG \$176,173)	06/06/05	645,000.00	34,368.95	73.00						34,368.95	73.00
25-05		11/01/05	300,000.00									
04-06	Replacement of Borough Hall Roof	03/07/06	150,000.00									
27-05	Preliminary Planning for Redevelopment Projects	12/06/05	150,000.00	1,476.82							1,476.82	
09-06, 17-08	Reconstruction of Warren St & Colucco Place	05/16/06, 06/10/08										
18-08	& Drainage Impts to Green Grove Ave.	07/15/08	525,000.00	9,155.76							9,155.76	
07-07	Improvements to Cedar Street	03/20/07	450,000.00	32,755.87							32,755.87	
09-08	Improvements Beers Street	03/18/08	475,000.00		2,321.31						2,321.31	
23-08, 09-09	Waterfront Park and Related Improvements	09/16/08, 09/01/09	1,750,000.00		100,190.90			6,898.41	-10,045.17	-8,958.41		88,085.73
25-08	Various Capital Improvements	12/22/08	325,000.00		58,563.47				-2,458.52		16,104.95	40,000.00
02-09	Various Capital Improvements - Beers II	06/23/09	1,425,000.00		45,905.23			166.40	-2,791.17	-166.40	18,114.06	25,000.00
11-10	Improvements to Beers Street - Phase III	06/15/10	330,000.00		8,886.40						8,886.40	
8-11	Various Improvements- BT Bulkhead	04/12/11	725,000.00		99,921.88			6,145.68	-1,355.00	-4,790.68	99,921.88	
9-11	Various Roadway Improvements	04/12/11	900,000.00		140,144.56						39,244.56	100,900.00
08-12	Osborn Street Improvements	06/26/12	900,000.00		375,863.20			450,437.25	-397,014.46	-117,193.34		312,092.65
01-13	Improv. & Reapir Waterfront	2013	1,400,000.00		876,435.33			114,473.20	-136,945.61	-295,839.00		558,123.92
06-13	Improv. Luppataatong Ave. Area	2013	650,000.00	140,028.71	447,000.00			60,784.50	-34,011.81	-35,553.25	578,248.15	
08-13	Improv. Elizabeth Street	2013	350,000.00	188,252.73	100,000.00			59,888.50	-31,509.50	-297,090.56	19,541.17	
11-13	Acquis. Var. Equip. and Vehicles	2013	200,000.00		97,737.64			101,662.36	-108,296.04			91,103.96
08-14	Acquis. Var. Capital Equip. & Vehicles	2014	400,000.00			380,000.00	20,000.00		-600.00		19,400.00	380,000.00
Total				\$ 471,869.41	\$ 3,355,211.44	\$ 380,000.00	20,000.00	\$ 801,184.30	\$ -725,755.28	\$ -759,591.64	\$ 945,370.45	\$ 2,597,547.78
Ref.				C	C	C - 6	C - 4, C-11	C - 8	C - 2	C - 8	C	C

SCHEDULE OF GENERAL SERIAL BONDS

- 97 -

ISSUE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS		INTEREST RATE	BALANCE DEC. 31, 2013	INCREASE	DECREASE	BALANCE DEC. 31, 2014
			OUTSTANDING - DEC. 31, 2014 DATE	AMOUNT					
Various Improvements	8/4/11	\$ 3,000,000.00	8/1/2015-21	200,000.00	3.000%	2,600,000.00		(200,000.00)	2,400,000.00
			8/1/22	200,000.00	3.125%				
			8/1/2023-26	200,000.00	4.000%				
MCIA Refunding Bonds, Series 2012	5/22/12	\$ 3,525,000.00			Var.	3,525,000.00		(305,000.00)	3,220,000.00
			12/1/15	330,000.00	Var.				
			12/1/16	325,000.00	Var.				
			12/1/17	350,000.00	Var.				
			12/1/18	350,000.00	Var.				
			12/1/19	360,000.00	Var.				
			12/1/20	375,000.00	Var.				
			12/1/21	370,000.00	Var.				
			12/1/22	380,000.00	Var.				
			12/1/23	380,000.00	Var.				
			MCIA Revenue Bonds, Series 2014	12/24/14	\$ 2,160,000.00				
12/1/15	145,000.00	3.000%							
12/1/16	165,000.00	3.000%							
12/1/17	185,000.00	4.000%							
12/1/18	185,000.00	4.000%							
12/1/19	185,000.00	4.000%							
12/1/20	185,000.00	4.000%							
12/1/21	185,000.00	5.000%							
12/1/22	185,000.00	5.000%							
12/1/23	185,000.00	5.000%							
12/1/24	185,000.00	5.000%							
12/1/25	185,000.00	5.000%							
12/1/26	185,000.00	5.000%							
						\$ 6,125,000.00	\$ 2,160,000.00	\$ (505,000.00)	\$ 7,780,000.00
Total			Ref.	C	C-5	C			

Ref.

**SCHEDULE OF BOND ANTICIPATION NOTES**

ORD. NO.	IMPROVEMENT DESCRIPTION	ORIGINAL DATE ISSUED	DATE OF ISSUE	MATURITY DATE	INTEREST RATE	BALANCE DEC. 31, 2013	INCREASE	DECREASE	BALANCE DEC. 31, 2014
15-03	Construction of Public Works Complex	2/17/04	8/1/14	7/31/15	1.250%	66,400.00	16,100.00	66,400.00	16,100.00
14-04, 22-05	Waterfront Park/Bulkhead Improvements	8/11/05	8/1/14	7/31/15	1.250%	557,000.00	475,000.00	557,000.00	475,000.00
		8/10/06	8/1/14	7/31/15	1.250%	65,000.00	52,000.00	65,000.00	52,000.00
25-05/4-06	Borough Hall Roof	8/3/12	8/1/14	1/30/15	0.799%	100,000.00	100,000.00	100,000.00	100,000.00
09-08	Improvements Beers Street	8/8/08	8/1/14	1/30/15	0.799%	252,000.00	236,000.00	252,000.00	236,000.00
23-08	Waterfront Park and Related Improvements	8/6/09	8/1/14	7/31/15	1.250%	765,000.00	735,000.00	765,000.00	735,000.00
25-08	Various Capital Improvements - Ambulance / PW Trucks	8/6/09	8/1/14	1/30/15	0.799%	239,400.00	165,100.00	239,400.00	165,100.00
02-09	Various Capital Improvements - Beers II,	8/6/09	8/1/14	1/30/15	0.799%	554,000.00	507,000.00	554,000.00	507,000.00
08-11	Various Capital Improvements	8/4/11	8/1/14	1/30/15	0.799%	150,000.00	144,000.00	150,000.00	144,000.00
09-11	Various Roadway Improvements	8/4/11	8/1/14	1/30/15	0.799%	444,100.00	320,100.00	444,100.00	320,100.00
11-10	Improvements to Beers Street Phase III	8/4/10	8/1/14	1/30/15	0.799%	101,300.00	97,600.00	101,300.00	97,600.00
08-12	Osborn Street Improvements	8/3/12	8/1/14	1/30/15	0.799%	699,900.00	343,200.00	699,900.00	343,200.00
01-13	Hurricane Sandy -Improv. & Repair Waterfront	8/2/13	8/1/14	7/31/15	1.250%	1,330,000.00	1,000,000.00	1,330,000.00	1,000,000.00
06-13	Road Improv. Luppataatong Ave. Area	8/2/13	8/1/14	1/30/15	0.799%	447,000.00	447,000.00	447,000.00	447,000.00
08-13	Improv. To Elizabeth Street	8/2/13	8/1/14	1/30/15	0.799%	100,000.00	100,000.00	100,000.00	100,000.00
11-14	Acquis. Of Var. Capital Equip. and Vehicles	8/1/14	8/1/14	7/31/15	1.250%		190,000.00		190,000.00
<b>Total</b>						<b>\$ 5,871,100.00</b>	<b>\$ 4,928,100.00</b>	<b>\$ 5,871,100.00</b>	<b>\$ 4,928,100.00</b>
<u>Ref.</u>						C	C-2	C-2	C

**SCHEDULE OF RESERVE FOR  
CAPITAL IMPROVEMENT FUND**

	<u>REF.</u>	
Balance - December 31, 2013	C	\$ 4,760.69
Increased by:		
CY 2014 Budget Appropriation		<u>110,000.00</u>
		114,760.69
Decreased by:		
Appropriated to Finance Improvement Authorizations	C - 8	<u>20,000.00</u>
<b>Balance - December 31, 2014</b>	<b>C</b>	<b><u><u>\$ 94,760.69</u></u></b>



**SCHEDULE OF VARIOUS RESERVES**

	Balance December 31, 2013	Increases (Decreases)	Balance December 31, 2014
Reserve for:			
Cash or Appropriated Reserves:			
Pay Debt Service	\$ 10,897.23	\$ 551,663.56	\$ 562,560.79
Drainage Improvements	11,496.00		11,496.00
Reserve for Infrastructure Improvements	56,253.84	-36,700.00	19,553.84
Reserve for Insurance Proceeds	170,500.00		170,500.00
Subtotal	<u>249,147.07</u>	<u>514,963.56</u>	<u>764,110.63</u>
Grants, Loans & Other Receivables:			
State of NJ DEP:			
Waterfront Park and Related Improvements - Grants	299,375.00		299,375.00
Waterfront Park and Related Improvements - Loans	373,125.00		373,125.00
Subtotal	<u>672,500.00</u>		<u>672,500.00</u>
<b>Total</b>	<b>\$ <u>921,647.07</u></b>	<b>\$ <u>514,963.56</u></b>	<b>\$ <u>1,436,610.63</u></b>
	Ref. C	Var.	C
Cash Receipts	C-2	\$ 561,663.56	
Cash Disbursements	C-2	<u>-46,700.00</u>	
		<u>\$ 514,963.56</u>	

**SCHEDULE OF GREEN TRUST LOAN PAYABLE**

	<u>Ref.</u>	
Balance - December 31, 2013	C	\$ 541,422.70
Decreased by:		
2014 Loan Payments	C-5	<u>(33,871.47)</u>
<b>Balance - December 31, 2014</b>	<b>C</b>	<b><u>\$ 507,551.23</u></b>

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2013	2014 AUTHOR.	NOTES PAID CAPITAL CASH	NOTES ISSUED	BALANCE DEC. 31, 2014
<u>General Improvements:</u>						
28-02	Acquisition of Fire Trucks, Equipment and Non-Passenger Vehicles	\$ 100.00	\$	\$		\$ 100.00
08-03, 05-04	Improvements to Therese Street	40,000.00				40,000.00
15-03	Construction of a Public Works Complex	710,500.00				710,500.00
20-03, 12-04	Improvements to Atlantic Street	100,000.00				100,000.00
25-08	Various Capital Improvements			40,000.00		40,000.00
9-Feb	Various Capital Improvements			25,000.00		25,000.00
26-03	Various Capital Improvements	260.00				260.00
28-03	Improvements to Benjamin Terry Park Bulkhead	54,000.00				54,000.00
08-05	Reconstruction of Waterfront Park	73.00				73.00
23-08, 09-09	Waterfront Park and related Improvements	20,656.23				20,656.23
09-11	Various Road Improvements	900.00		100,000.00		100,900.00
08-12	Osborn Street Improvements	100.00		356,700.00		356,800.00
1-13	Improvements & Repairs to Waterfront Structures & Facilities Damaged Hurricane Sandy			330,000.00		330,000.00
11-13	Acquis. Var. Equip & Vehicle	190,000.00			190,000.00	-
08-14	Acquis. Var. Capital Equip & Vehicle		380,000.00			380,000.00
<b>Total</b>		<u><u>1,116,589.23</u></u>	<u><u>\$ 380,000.00</u></u>	<u><u>\$ 851,700.00</u></u>	<u><u>\$ 190,000.00</u></u>	<u><u>\$ 2,158,289.23</u></u>

Ref.

Footnote C

**Water and Sewer Utility Fund**

**SCHEDULE OF WATER AND SEWER UTILITY CASH AND INVESTMENTS - TREASURER**

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - December 31, 2013	D	\$ 325,307.27	\$ 158,449.37
Increased by Receipts:			
Consumer Accounts Receivable	D-8	2,813,577.20	
Consumer Account Overpayments	D-19	2,658.40	
Prepaid Consumer Accounts	D-20	205,912.12	
Miscellaneous Revenue	D-3	199,294.65	
Interfund Loans Received	D	50,000.00	
Premium Received on Sale of Bonds/Notes	D-2		12,729.57
Proceeds from Sale of Bonds	D-16, D-23		1,220,000.00
Proceeds from Sale of Bond Anticipation Notes	D-17		4,290,000.00
Proceeds from Issuance of USDA Loan	D		2,656,000.00
Note Paydowns Operating Budget	D-23		30,000.00
USDA Grant Collected	D-23		226,666.00
		<u>3,271,442.37</u>	<u>8,435,395.57</u>
		3,596,749.64	8,593,844.94
Decreased by Disbursements:			
Budget Expenditures	D-4	(2,874,041.88)	
Appropriation Reserves	D-14	(107,032.47)	
Improvement Authorizations	D-18		(810,254.70)
Accrued Interest on Bonds, Notes and Loans	D-15	(73,421.07)	
Bond Anticipation Note Redeemed	D-17		(3,909,600.00)
Interfund Loans Returned	D		(50,000.00)
Emergency Loan Payment	D	(100,000.00)	
		<u>(3,154,495.42)</u>	<u>(4,769,854.70)</u>
<b>Balance - December 31, 2014</b>	<b>D</b>	<b><u>\$ 442,254.22</u></b>	<b><u>\$ 3,823,990.24</u></b>

**WATER AND SEWER CAPITAL FUND**  
**SCHEDULE OF ANALYSIS OF CASH**

<u>Ord.</u>	<u>Description</u>	<u>Ref.</u>	<u>Deferred Charges</u>	<u>Ordinance Balance</u>	<u>Notes Outstanding</u>	<u>Other</u>	<u>Cash Balance</u>
13-04	Various Water/Sewer Improvements			\$ 7,685.44			7,685.44
21-05	Perry Street Water Treatment Facility Upgrade.....		-819,600.00	545.98	819,600.00		545.98
05-06	Cass Street Standpipe Painting Project.....		-404,000.00	183,327.40	250,400.00		29,727.40
08-09/10-11	Sanitary Sewer System Upgrades			253,390.09		13,000.00	266,390.09
07-13	Var. Water & Sewer Improvements		-150,000.00	2,076.51	150,000.00		2,076.51
01-14	Design & Permitting in Connection Var. Imprvts. Water			11,284.10	180,000.00		191,284.10
06-14	Various Water/Sewer Imprvts. USDA Phase II			1,137,424.97	2,890,000.00		4,027,424.97
	State & Federal Grants Receivable.....	D				-4,687,334.00	-4,687,334.00
	MCIA Bonds Payable.....	D-16				1,220,000.00	1,220,000.00
	Reserve for Encumbrances.....	D-9				2,691,662.19	2,691,662.19
	Capital Improvement Fund.....	D-21				50,087.00	50,087.00
	Fund Balance.....	D-2				24,440.56	24,440.56
<b>Total.....</b>			<b>\$ (1,373,600.00)</b>	<b>\$ 1,595,734.49</b>	<b>\$ 4,290,000.00</b>	<b>\$ (688,144.25)</b>	<b>\$ 3,823,990.24</b>
		<u>Ref.</u>	D-13	D-18	D-17	Var.	D, D-5

**SCHEDULE OF DEFERRED CHARGES**  
**WATER AND SEWER UTILITY OPERATING FUND**

	<u>REF.</u>	
Balance - December 31, 2013	D	\$ 100,000.00
Increased By:		
Authorized in CY 2014	D-4	<hr/> 100,000.00
Decreased By:		
Raised in CY 2014 Budget	D-1	<hr/> 100,000.00
<b>Balance - December 31, 2014</b>	<b>D</b>	<hr/> <b>\$ -</b> <hr/>

**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**  
**WATER AND SEWER UTILITY OPERATING FUND**

	<u>REF.</u>	
Balance - December 31, 2013	D	\$ 219,054.64
Increased by:		
Water and Sewer Utility Billings	Reserve	<u>2,948,148.04</u>
		3,167,202.68
Decreased by:		
Overpayments Applied	D-19	2,182.05
Prepays Applied	D-20	150,078.63
Collected	D-5	<u>2,813,577.20</u>
		<u>2,965,837.88</u>
<b>Balance - December 31, 2014</b>	<b>D</b>	<b><u><u>\$ 201,364.80</u></u></b>



## Exhibit - D-9

**SCHEDULE OF RESERVE FOR ENCUMBRANCES  
WATER AND SEWER UTILITY FUND**

	<u>Ref.</u>	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - December 31, 2013	D	\$ 644,802.65	\$ 35,297.02	\$ 609,505.63
Increased by:				
CY 2014 Reserve for Encumbrances	D-4, D-18	2,753,505.08	61,842.89	2,691,662.19
		3,398,307.73	97,139.91	3,301,167.82
Decreased by:				
Transferred to Approp.Res./Improv. Auth.	D-14, D-18	644,802.65	35,297.02	609,505.63
<b>Balance - December 31, 2014</b>	<b>D</b>	<b>\$ 2,753,505.08</b>	<b>\$ 61,842.89</b>	<b>\$ 2,691,662.19</b>

## Exhibit - D-10

**SCHEDULE OF FIXED CAPITAL  
WATER AND SEWER UTILITY CAPITAL FUND**

<u>ACCOUNT</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>BALANCE DECEMBER 31, 2014</u>
Distribution System Land	\$ 20,500.00	\$ 20,500.00
Miscellaneous Land - Capital	750.00	750.00
Springs and Wells	107,432.80	107,432.80
Collection Reservoir	15,000.00	15,000.00
Filters	31,877.89	31,877.89
Clear Well Basin	1,000.00	1,000.00
Pumping Station Structures	68,569.50	68,569.50
Reservoirs and Standpipes	10,000.00	10,000.00
Distribution Mains and Accessories	770,104.60	770,104.60
Fire Hydrant and Cisterns	2,500.00	2,500.00
Bulkheads	15,691.72	15,691.72
Meters and Meter Bonds	1,391.05	1,391.05
Insurance and Bonds	1,275.00	1,275.00
Electric Pumping Power Equipment	42,940.50	42,940.50
Ferry Street Plant and Wells	1,467,500.00	1,467,500.00
General Equipment	71,609.00	71,609.00
Construction of Well #8	249,863.33	249,863.33
Repairs and Improvements to Water Plant	435,000.00	435,000.00
Cedar Street Pumping Station	210,000.00	210,000.00
Rehabilitation of Sewer System	151,000.00	151,000.00
<b>Total</b>	<b>\$ 3,674,005.39</b>	<b>\$ 3,674,005.39</b>
<u>Ref.</u>	D	D

The Fixed Capital, as reported, is taken from the Borough records and does not necessarily reflect the true condition of such Fixed Capital.

**SCHEDULE OF EMERGENCY NOTES PAYABLE**  
**WATER AND SEWER OPERATING FUND**

	<u>BALANCE</u> <u>DEC. 31, 2013</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>
Emergency Note Issued: Due Water & Sewer Capital Fund	\$ 100,000.00	\$ -	\$ 100,000.00	\$ -
<b>Total</b>	<b><u>\$ 100,000.00</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 100,000.00</u></b>	<b><u>\$ -</u></b>

**SCHEDULE OF BRSA RENT RESERVE**  
**WATER AND SEWER OPERATING FUND**

<u>DESCRIPTION</u>	<u>BALANCE</u> <u>DEC. 31, 2013</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>
BRSA Rent Reserve	\$ 321,847.70	443.40		\$ 322,291.10
	-			
<b>Total</b>	<b><u>\$ 321,847.70</u></b>	<b><u>\$ 443.40</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 322,291.10</u></b>

**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
WATER AND SEWER UTILITY CAPITAL FUND**

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2013	AUTHORIZED 2014	BALANCE DEC. 31, 2014
13-04	Various Improvements to Water Sewer System	\$ 250,000.00	\$	\$ 250,000.00
21-05	Perry Street Water Treatment Facility Upgrade	1,100,000.00		1,100,000.00
05-06	Cass Street Standpipe Painting Project	600,000.00		600,000.00
08-09	Sanitary Sewer System Upgrades USDA	3,500,000.00		3,500,000.00
07-13	Var. Water & Sewer Improvements	150,000.00		150,000.00
01-14			3,890,000.00	3,890,000.00
06-14			180,000.00	180,000.00
	<b>Total</b>	<b>\$ 5,600,000.00</b>	<b>\$ 4,070,000.00</b>	<b>\$ 9,670,000.00</b>

Ref.

D

D

**SCHEDULE OF 2013 APPROPRIATION RESERVES  
WATER AND SEWER UTILITY OPERATING FUND**

	<u>BALANCE</u> <u>DEC. 31, 2013</u>	<u>RESERVE FOR</u> <u>ENCUMBRANCES</u> <u>DEC. 31, 2013</u>	<u>BALANCE</u> <u>AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Operating:					
Salaries and Wages	\$ 6,223.20	\$	\$ 223.20	\$	\$ 223.20
Other Expenses	49,546.82	28,409.59	74,056.41	58,766.85	15,289.56
Bayshore Regional Sewerage Authority	530.64		530.64		530.64
Acquisition of Water	23,716.85		41,416.85	41,378.19	38.66
Capital Improvements:					
Capital Outlay	6,411.94	6,887.43	13,299.37	6,887.43	6,411.94
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	<u>7,883.19</u>		<u>83.19</u>		<u>83.19</u>
<b>Total</b>	<b>\$ <u>94,312.64</u></b>	<b>\$ <u>35,297.02</u></b>	<b>\$ <u>129,609.66</u></b>	<b>\$ <u>107,032.47</u></b>	<b>\$ <u>22,577.19</u></b>
<u>Ref.</u>	D	D		D - 5	D - 1

**SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS  
WATER AND SEWER UTILITY OPERATING FUND**

	<u>REF.</u>	
Balance - December 31, 2013	D	\$ 24,272.10
Increased by:		
Accrued Interest Charged to:		
Budget Appropriations	D-4	98,950.63
		<hr/> 123,222.73
Decreased by:		
Payment	D-5	<hr/> 73,421.07
<b>Balance - December 31, 2014</b>	<b>D, D-15</b>	<b><u><u>\$ 49,801.66</u></u></b>

Analysis of Balance - December 31, 2014:

Principal Outstanding <u>Dec. 31, 2014</u>	<u>Amount</u>
USDA Loan Payable	\$ 28,842.43
Bonds Payable	908.06
Bond Anticipation Notes \$4,290,000.00	20,051.17
	<hr/>
<b>Total</b>	<b><u><u>\$ 20,051.17</u></u></b>

REF.

D-15

**SCHEDULE OF SERIAL BONDS PAYABLE  
WATER AND SEWER UTILITY CAPITAL FUND**

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2014</u>		<u>INTEREST RATE</u>	<u>BALANCE</u>	<u>INCREASE</u>	<u>BALANCE</u>
			<u>DATE</u>	<u>AMOUNT</u>		<u>DEC. 31, 2013</u>		<u>DEC. 31, 2014</u>
Water and Sewer Utility MCIA Revenue Bonds - Series 201	12/24/14	1,070,000				\$	\$ 1,070,000.00	\$ 1,070,000.00
			12/1/15	85,000.00	3.000%			
			12/1/16	85,000.00	3.000%			
			12/1/17	85,000.00	4.000%			
			12/1/18	85,000.00	4.000%			
			12/1/19	85,000.00	4.000%			
			12/1/20	85,000.00	4.000%			
			12/1/21	90,000.00	5.000%			
			12/1/22	90,000.00	5.000%			
			12/1/23	95,000.00	5.000%			
			12/1/24	95,000.00	5.000%			
			12/1/25	95,000.00	5.000%			
			12/1/26	95,000.00	5.000%			
<b>Total</b>						\$	\$ <u>1,070,000.00</u>	\$ <u>1,070,000.00</u>
					<u>Ref.</u>	D	D-22	D

**SCHEDULE OF BOND ANTICIPATION NOTES**

**Exhibit - D-17**

ORD. NO.	IMPROVEMENT DESCRIPTION	ORIGINAL DATE ISSUED	DATE OF ISSUE	MATURITY DATE	INTEREST RATE	BALANCE DEC. 31, 2013	INCREASE	DECREASE	BALANCE DEC. 31, 2014
21-05	Perry Street Water Treatment Facility Upgrade	8/10/06	8/2/13	1/30/15	.79.9%	\$ 833,600.00	\$ 819,600.00	\$ 833,600.00	\$ 819,600.00
05-06	Cass Street Standpipe Painting Project	8/10/06	8/2/13	1/30/15	.79.9%	270,000.00	250,400.00	270,000.00	250,400.00
08-09	Sanitary Sewer System Upgrades USDA	8/4/10				1,000,000.00		1,000,000.00	-
08-09	Sanitary Sewer System Upgrades USDA	8/4/11				1,656,000.00		1,656,000.00	-
07-13	Var. Water & Sewer Improvements	8/2/13	8/2/13	1/30/15	.79.9%	150,000.00	150,000.00	150,000.00	150,000.00
01-14	Design & Permitting - USDA Phase II	8/1/14	8/2/13	7/31/15	1.250%		180,000.00		180,000.00
06-14	Var. Water/Sewer Impvts. USDA Phase II	8/1/14	8/2/13	7/31/15	1.250%		2,890,000.00		2,890,000.00
<b>Total</b>						<u>\$ 3,909,600.00</u>	<u>\$ 4,290,000.00</u>	<u>\$ 3,909,600.00</u>	<u>\$ 4,290,000.00</u>
						<u>Ref.</u>	D	D-2	D-2
							D		D



**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
WATER AND SEWER UTILITY CAPITAL FUND**

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE - DEC. 31, 2013		RESERVE FOR ENCUMB. DEC. 31, 2013	AUTHORIZED 2014	PAID OR CHARGED	RESERVE FOR ENCUMB. DEC. 31, 2014	BALANCE - DEC. 31, 2014	
		DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
13-04	Various Improvements to Water/Sewer System	08/03/04	250,000.00	\$ 7,685.44	\$	\$	\$	\$	\$	\$ 7,685.44	\$
21-05	Perry Street Water Treatment Facility Upgrade	10/18/05	1,100,000.00		1,416.57			870.59			545.98
05-06	Cass Street Standpipe Painting Project	03/07/06	600,000.00		183,327.40					29,727.40	153,600.00
08-09	Sanitary Sewer System Upgrades	09/01/09	1,600,000.00		202,789.33	593,632.25		542,319.84	711.65		253,390.09
07-13	Var. Water & Sewer Improvements	2013	150,000.00		22,927.01	15,873.38		36,723.88			2,076.51
01-14	Design & Permitting - USDA Phase II	2014	180,000.00				180,000.00	160,719.36	7,996.54		11,284.10
06-14	Var. Water/Sewer Impvts. USDA Phase II	2014	3,890,000.00				3,890,000.00	69,621.03	2,682,954.00		1,137,424.97
<b>Total</b>				<b>\$ 7,685.44</b>	<b>\$ 410,460.31</b>	<b>\$ 609,505.63</b>	<b>\$ 4,070,000.00</b>	<b>\$ 810,254.70</b>	<b>\$ 2,691,662.19</b>	<b>\$ 37,412.84</b>	<b>\$ 1,558,321.65</b>
		<u>Ref.</u>			D	D, D-9	D- 5	D- 5	D, D - 9	D	D

**Exhibit - D-19**

**SCHEDULE OF WATER AND SEWER OVERPAYMENTS**  
**WATER AND SEWER UTILITY OPERATING FUND**

	<u>REF.</u>	
Balance - December 31, 2013	D	\$ 2,182.50
Increased by:		
Collections	D-5	<u>2,658.40</u>
		4,840.90
Decreased by:		
Applied Water & Sewer Rents Receivable	D-8	<u>2,182.50</u>
<b>Balance - December 31, 2014</b>	<b>D</b>	<b><u>\$ 2,658.40</u></b>

**Exhibit - D-20**

**SCHEDULE OF PREPAID CONSUMER DEPOSITS**  
**WATER AND SEWER UTILITY OPERATING FUND**

	<u>REF.</u>	
Balance - December 31, 2013	D	\$ 150,078.63
Increased by:		
Prepaid Rents Collected	D-5	<u>205,912.12</u>
		355,990.75
Decreased by:		
Prepays Applied	D-8	<u>150,078.63</u>
<b>Balance - December 31, 2014</b>	<b>D</b>	<b><u>\$ 205,912.12</u></b>

**Exhibit - D-21**

**SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND  
WATER AND SEWER UTILITY CAPITAL FUND**

	<u>REF.</u>	
Balance - December 31, 2013	D	\$ 50,087.00
<b>Balance - December 31, 2014</b>	<b>D</b>	<b><u>\$ 50,087.00</u></b>

**Exhibit - D-22**

**SCHEDULE OF RESERVE FOR AMORTIZATION  
WATER AND SEWER UTILITY CAPITAL FUND**

	<u>REF.</u>	
Balance - December 31, 2013	D	\$ 3,674,005.39
<b>Balance - December 31, 2014</b>	<b>D</b>	<b><u>\$ 3,674,005.39</u></b>

**Exhibit - D-23**

**SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
WATER AND SEWER UTILITY CAPITAL FUND**

	<u>REF.</u>	
Balance - December 31, 2013	D	\$ 709,400.00
Increased by:		
Premium On MCIA Bond Sale	D-5	150,000.00
USDA Loan Principal Paid	D-5	18,978.00
USDA Grant Cas Collected	D-5	226,666.00
Operating Budget - Notes Paid	D-17	<u>30,000.00</u>
		<u>425,644.00</u>
<b>Balance - December 31, 2014</b>	<b>D</b>	<b><u>\$ 1,135,044.00</u></b>

**SCHEDULE OF BONDS AND NOTES  
AUTHORIZED BUT NOT ISSUED**

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2013</u>	<u>AUTHORIZED 2014</u>	<u>PAYDOWNS</u>	<u>BOND ANTICIPATION NOTES ISSUED</u>	<u>BALANCE DEC. 31, 2014</u>
05-06	Cass Street Standpipe Painting Project	\$ 150,000.00	\$	\$ 3,600.00	\$	\$ 153,600.00
08-09	Sewer Upgrades USDA	831,000.00		-226,666.00		604,334.00
01-14	Design & Permitting - USDA Phase II		180,000.00		-180,000.00	
06-14	Var. Water/Sewer Impvts. USDA Phase II		3,890,000.00		-2,890,000.00	1,000,000.00
<b>Total</b>		<u>\$ 981,000.00</u>	<u>\$ 4,070,000.00</u>	<u>\$ -223,066.00</u>	<u>\$ -3,070,000.00</u>	<u>\$ 1,757,934.00</u>

Ref.

Footnote D

**Payroll Agency Fund**

**SCHEDULE OF PAYROLL AGENCY ACTIVITY**

	<u>BALANCE</u> <u>DEC 31, 2013</u>	<u>PAYROLL</u> <u>DEDUCTIONS</u>	<u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>DEC 31, 2014</u>
Federal Withholding Tax	\$	\$ 398,213.31	\$ 398,213.31	\$
Social Security/Medicare		360,297.98	360,297.98	
State Withholding Tax		119,514.35	119,514.35	
SUI/Disability		17,374.87	17,336.80	38.07
457B Plan		38,250.00	38,250.00	
AFLAC		12,528.00	12,528.00	
PERS		144,900.41	143,846.84	1,053.57
PFRS		237,686.86	237,538.86	148.00
Police/Firemens Insurance		2,907.36	2,907.36	
Garnishments		71,263.99	71,263.99	
Monoc Credit Union		26,720.00	26,720.00	
PBA Dues		12,525.00	12,525.00	
Clerical/PW Union Dues		23,751.58	23,751.58	
Life Insurance		960.00	960.00	
Miscellaneous	1,505.22			1,505.22
Health Insurance Co-Pay		129,832.45	129,803.72	28.73
Health Insurance Copay		1,313.89	1,313.89	
<b>Total</b>	<b>\$ <u>1,505.22</u></b>	<b>\$ <u>1,598,040.05</u></b>	<b>\$ <u>1,596,771.68</u></b>	<b>\$ <u>2,773.59</u></b>

Ref.

E

E

**Governmental Fixed Assets**

**SCHEDULE OF GOVERNMENTAL FIXED ASSETS**

<u>FIXED ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2013</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>
Land	\$ 5,186,100.00			\$ 5,186,100.00
Buildings/Building Improvements	5,481,800.00			5,481,800.00
Motor Vehicles and Equipment	2,908,510.08	\$ 77,199.00		2,985,709.08
Machinery and Equipment	344,731.30			344,731.30
Office Furniture and Equipment	163,066.09			163,066.09
Other Equipment	<u>218,914.00</u>			<u>218,914.00</u>
<b>Total</b>	<b><u>\$ 14,303,121.47</u></b>	<b><u>\$ 77,199.00</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 14,380,320.47</u></b>



**BOROUGH OF KEYPORT  
MONMOUTH COUNTY, NEW JERSEY**

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**PART IV  
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - CURRENT FUND**

<b>Revenue and Other Income Realized</b>	<b>Year 2014</b>		<b>Year 2013</b>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Fund Balance Utilized	\$ 87,700.00	0.46	\$ 183,000.00	0.95
Miscellaneous - From Other Than				
Local Property Tax Levies	2,472,018.10	12.89	2,205,029.79	11.40
Collection of Delinquent Taxes				
and Tax Title Liens	601,676.10	3.14	665,229.84	3.44
Collection of Current Tax Levy	15,940,510.12	83.11	15,893,374.93	82.17
Other Credits to Income	77,741.60	0.41	396,499.27	2.05
	<u>19,179,645.92</u>	<u>100.00</u>	<u>19,343,133.83</u>	<u>100.00</u>
<b>Total Income</b>				
	<u>19,179,645.92</u>	<u>100.00</u>	<u>19,343,133.83</u>	<u>100.00</u>
<b><u>Expenditures</u></b>				
Budget Expenditures:				
Municipal Purposes	8,166,959.92	42.90	8,280,332.87	42.61
County Taxes	1,704,348.27	8.95	1,940,188.56	9.98
Local School Taxes	8,717,811.00	45.80	8,554,629.00	44.02
Business Improvement District Taxes	118,000.00	0.62	118,000.00	0.61
Municipal Open Space Taxes	160,081.04	0.84	183,601.47	0.94
Other Expenditures	167,947.94	0.88	356,157.49	1.83
	<u>19,035,148.17</u>	<u>100.00</u>	<u>19,432,909.39</u>	<u>100.00</u>
<b>Total Expenditures</b>				
	<u>19,035,148.17</u>	<u>100.00</u>	<u>19,432,909.39</u>	<u>100.00</u>
Less: Expenditures to be Raised by Future Taxes			170,000.00	
			<u>170,000.00</u>	
<b>Total Adjusted Expenditures</b>			<u>19,262,909.39</u>	
			<u>19,262,909.39</u>	
Excess in Revenue	144,497.75		80,224.44	
Fund Balance January 1	90,404.39		193,179.95	
	<u>90,404.39</u>		<u>193,179.95</u>	
	234,902.14		273,404.39	
Less:				
Utilization as Anticipated				
Revenue	87,700.00		183,000.00	
	<u>87,700.00</u>		<u>183,000.00</u>	
<b>Fund Balance December 31</b>	<u>\$ 147,202.14</u>		<u>\$ 90,404.39</u>	

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - WATER AND SEWER UTILITY OPERATING FUND**

<b>Revenue and Other Income Realized</b>	<b>Year 2014</b>		<b>Year 2013</b>	
	<b><u>Amount</u></b>	<b><u>%</u></b>	<b><u>Amount</u></b>	<b><u>%</u></b>
Fund Balance Utilized	\$ 69,100.00	2.12	\$ 254,660.00	7.15
Collection of Water and Sewer Rents	2,965,837.88	91.07	3,034,037.41	85.18
Miscellaneous - From Other Than Water and Sewer Rents	<u>221,871.84</u>	<u>6.81</u>	<u>273,303.41</u>	<u>7.67</u>
Total Income	<u>3,256,809.72</u>	<u>100.00</u>	<u>3,562,000.82</u>	<u>100.00</u>
<b><u>Expenditures</u></b>				
Budget Expenditures:				
Operating	2,892,000.00	89.57	2,965,000.00	82.24
Debt Service	147,928.63	4.58	473,416.79	13.13
Capital Improvements	25,000.00	0.77	50,000.00	1.39
Deferred Charges and Statutory Expenditures	164,000.00	5.08	114,000.00	3.16
Surplus (General Budget)				
Other Credits	<u></u>	<u></u>	<u>2,959.58</u>	<u>0.08</u>
Total Expenditures	<u>3,228,928.63</u>	<u>100.00</u>	<u>3,605,376.37</u>	<u>100.00</u>
Excess in Revenue	27,881.09		-43,375.55	
Deferred Charges to be Raised in Budget of Succeeding Year	<u></u>		<u>100,000.00</u>	
Statutory Excess to Fund Balance	27,881.09		56,624.45	
Fund Balance January 1	<u>69,164.83</u>		<u>267,200.38</u>	
	97,045.92		323,824.83	
Less:				
Utilization as Anticipated Revenue	<u>69,100.00</u>		<u>254,660.00</u>	
<b>Fund Balance December 31</b>	<b><u>\$ 27,945.92</u></b>		<b><u>\$ 69,164.83</u></b>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate:</u>	<u>\$2.573</u>	<u>\$2.241</u>	<u>\$2.186</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	<u>0.944</u>	<u>0.810</u>	<u>0.781</u>
County	<u>0.266</u>	<u>0.265</u>	<u>0.260</u>
Local School	<u>1.363</u>	<u>1.166</u>	<u>1.145</u>
<u>Assessed Valuation:</u>			
2014	<u>\$639,829,108.00</u>		
2013		<u>\$733,669,411.00</u>	
2012			<u>\$747,294,827.00</u>

Note: Under the provisions of Chapter 73, L. 1976 (R.S. 54:4-46.1), the Monmouth County Board of Taxation estimated the amount of approved Veterans' and Senior Citizens' tax deductions, etc. to be \$49,000.00 for the year 2014.

COMPARISON OF TAX LEVIES AND COLLECTION 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>CURRENTLY</u>	<u>Percentage of Collection</u>
		<u>Cash Collections</u>	
2014	\$ 16,588,061.47	\$ 15,940,510.12	96.10%
2013	\$ 16,577,094.95	\$ 15,893,374.93	95.88%
2012	\$ 16,465,174.66	\$ 15,683,963.80	95.26%

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>Dec. 31 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>
2014	\$ 157,804.60	\$ 623,148.29	\$ 780,952.89	4.71%
2013	\$ 150,295.19	\$ 618,350.95	\$ 768,646.14	4.64%
2012	\$ 139,316.30	\$ 703,365.15	\$ 842,681.45	5.12%

### PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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>
2014	\$ 97,100
2013	\$ 97,100
2012	\$ 97,100

### COMPARISON OF WATER AND SEWER UTILITY BILLINGS AND COLLECTIONS

<u>Year</u>	<u>Billings</u>	<u>*Collections</u>
2014	\$ 2,948,148	\$ 2,965,838
2013	\$ 3,007,497	\$ 3,034,037
2012	\$ 3,062,656	\$ 3,054,329

\*Includes collections of prior unpaid balances.

### COMPARATIVE SCHEDULE OF FUND BALANCE

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2014	\$ 147,202	\$ 110,000
	2013	\$ 90,404	\$ 87,700
	2012	\$ 193,180	\$ 183,000
	2011	\$ 56,504	\$ 53,000
	2010	\$ 221,104	\$ 218,000
Water and Sewer Utility Operating Fund	2014	\$ 27,946	\$ 27,900
	2013	\$ 69,165	\$ 69,100
	2012	\$ 267,200	\$ 254,660
	2011	\$ 4,942	\$ 4,900
	2010	\$ 78,040	\$ 78,000

## OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the year ended December 31, 2014:

<u>NAME</u>	<u>TITLE</u>
<u>Governing Body</u>	
Harry M. Aumack II	Mayor
Joy-Michelle Tomczak	Council President
Warren Chamberlain	Councilperson
Kenneth Howe	Councilperson
Sophia Lamberson	Councilperson
Kenneth McPeck	Councilperson
Joseph E. Sheridan	Councilperson
<u>Borough Officials</u>	
Stephen J. Gallo	Business Administrator
Valerie T. Heilwell	Borough Clerk
Thomas P. Fallon, CPA, RMA	Chief Financial Officer
Keri R. Stencil	Tax/Utility Collector, Treasurer
Gordon Litwin, Esq.	Borough Attorney

All employees are covered by a dishonesty Public Employees' Blanket Bond in the amount of \$50,000 written by Municipal Excess Liability Joint Insurance Fund. In addition, there are blanket bonds for secondary coverage with the Municipal Excess Liability Joint Insurance Fund in the amount of \$1,000,000 for Public Employees.

**BOROUGH OF KEYPORT**  
**MONMOUTH COUNTY, NEW JERSEY**

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**PART V**  
**GENERAL COMMENTS AND RECOMMENDATIONS**

**BOROUGH OF KEYPORT  
COUNTY OF MONMOUTH, NEW JERSEY  
FOR YEAR ENDED DECEMBER 31, 2014**

**GENERAL COMMENTS**

An audit of the financial accounts and transactions of the Borough of Keyport, County of Monmouth, New Jersey, for the year ended December 31, 2014, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Borough of Keyport, County of Monmouth, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the Governing Body. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Borough of Keyport, County of Monmouth, New Jersey as of and for the fiscal year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.



## GENERAL COMMENTS

### INTERNAL CONTROL MATTERS (Cont'd)

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

The control deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Borough's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

As indicated below, we identified certain deficiencies in internal control that we consider to be control deficiencies.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated August 24, 2015 on the financial statements of the Borough of Keyport. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

#### Control Deficiencies:

##### Segregation of Duties - Tax/Water and Sewer Offices

Individuals that have the responsibilities and function of cash collections are responsible for the Tax/Water and Sewer Utility receivable subsidiary ledgers.

This condition is the result of multiple tasks performed by the same individual within the Tax/Water and Sewer Utility Collector's Office.

##### Segregation of Duties – Other Outside Offices/Department Collecting Municipal Fees

Conditions exist whereby the same individual may collect, record and deposit/remit cash receipts in the following offices/departments: Borough Clerk, Police Records, Board of Health/Vital Statistics, Construction Code, Fire Safety, Senior Center, and Municipal Boat Ramp.

This condition is the result of multiple tasks performed by the same individual within the respective offices and departments.

##### Maintenance of Source Documents - Issuance of Duplicate Receipt Forms - Other Offices and Officials Collecting Fees

Conditions exist whereby the following offices/departments do not always issue duplicate receipt forms for all Borough monies collected: Police Records Clerk, Construction Code, Board of Health/Vital Statistics, Municipal Clerk, Fire Safety, & Municipal Boat Ramp.

## GENERAL COMMENTS

### OTHER MATTERS

#### Contracts and Agreements Required to be Advertised Per N.J.S.A. 40A: 11-4

N.J.S.A. 40A: 11-4 states "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 bidder therefore, 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."

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 Borough Counsel's opinion should be sought before a commitment is made.

On June 9, 2010, the Local Public Contracts Law was amended, effective July 1, 2011. The amendments address the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount from \$21,000.00 to \$26,000.00 under which a contract may be awarded without public advertising. Furthermore, if the Borough's Purchasing Agent is "Qualified" the Borough may increase the bid threshold from \$29,000.00 to \$36,000.00. On May 5, 2011, a revised Local Finance Notice was issued which reduced the threshold for Non-QPA municipalities from \$26,000 to \$17,500.

A test of the Borough's purchasing procedures indicates bids were requested by public advertising for the items tested as follows:

#### State Contract

Purchase of Video Surveillance Equipment; Exchange of Scott Brand Compressors for Keyport Fire Department; Purchase of Police Cruiser; Purchase of Police Vehicle Accessories; Purchase of Police Radio Equipment; and Purchase Fire Equipment.

#### Emergency Contracts

Damaged Sanitary Sewer Main at Maple Pl. & Broad St.; and Damaged Sanitary Sewer Main at 19 Oak St.

A test of the minutes indicate that resolutions were adopted and advertised, in most cases, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A: 11-5.

## GENERAL COMMENTS

### OTHER MATTERS (Cont'd)

#### Contracts and Agreements Required to be Advertised Per N.J.S.A. 40A:11-4 (Cont'd)

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 materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

The examination of expenditures revealed no individual payments, contracts or agreements in excess of \$21,000.00, as applicable, "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. It was noted that the Borough solicited quotations for purchases, in excess 15% of the bid statutory threshold and under the statutory bid threshold, in compliance with statutes.

Upon inquiry of the various officials responsible for the purchases of materials, supplies, equipment, etc. for the Borough in relation to the Local Public Contracts Laws regarding the solicitation of quotations when the cost is \$3,150.00, monitoring of change orders, quantities and unit prices of contracts, procedures presently in place were found to be good.

Any interpretation as to possible violation of N.J.S.A. 40A: 11-4 and N.J.A.C. 5:30-11.1 would be in the province of the municipal solicitor.

#### Collection of Interest on Delinquent Taxes and Assessments

The statutes provide 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 1, 2014 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

BE IT HEREBY RESOLVED, by the Mayor and Borough Council of the Borough of Keyport, County of Monmouth and State of New Jersey, that the interest rate be established on delinquent taxes for the year 2013, at 8% per annum on delinquent taxes in an amount less than \$1,500 and on taxes in an amount in excess of \$1,500, the interest rate shall be 18% per annum and both shall be computed from the tax due date and it shall further provide that a ten (10) day grace period be established for each quarterly due date; and

WHEREAS, N.J.S.A. 54:4-67 has recently been amended by P.L. 1991, c.75, to provide that, in addition to the established interest rate, the governing body may also fix a penalty up to six percent (6%) to be charged for delinquencies in excess of \$10,000 which are not paid prior to the end of the calendar year; and

WHEREAS, it is the policy of the Borough of Keyport to establish the maximum interest and penalty rates permitted by law upon delinquencies in taxes and municipal charges.

## GENERAL COMMENTS

### OTHER MATTERS (Cont'd)

#### Collection of Interest on Delinquent Taxes and Assessments (Cont'd)

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Borough Council of the Borough of Keyport, County of Monmouth, State of New Jersey, as follows:

1. That, in addition to the previously established interest rates, there shall be a penalty of six percent (6%) to be charged upon delinquencies in excess of \$10,000, which are not paid prior to the end of the calendar year.
2. That the term "delinquency" shall mean the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years.

An examination of the Collector's records indicated that interest on delinquent accounts was calculated in accordance with the foregoing resolution.

#### Delinquent Taxes and Tax Title Liens

A tax sale was held during CY 2014. We suggest that the outstanding items be included in the next Tax Sale when appropriate and be complete in all respects. Omitted accounts were reported to be bankruptcies and/or disputed items.

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

<u>Year</u>	<u>Tax Title Liens</u>	<u>Water and Sewer Liens</u>
2014	20	0
2013	14	0
2012	15	0

#### Interfund Receivable/Payable Balances

Interfund Balances appear in the balance sheets of the Borough's financial statements of the year ended December 31, 2014.

These interfunds, in most cases, resulted from 2014 operations and closing entries, and we suggest that all interfund amounts and balances be cleared by cash transfer.

#### Investment of Borough Funds

During 2014, the Borough's funds were invested primarily in interest bearing and sweep accounts.

The Borough has adopted a formal cash management plan policy in compliance with N.J.S.A. 40A:5-14 of the Local Fiscal Affairs Law, which requires that "each local unit shall adopt a cash management plan and shall deposit its funds pursuant to that plan."

## GENERAL COMMENTS

### OTHER MATTERS (Cont'd)

#### Payment of Claims

Claims were examined on a test basis for the year under review and they were found to be in generally good order for items tested.

#### Purchase Order and Encumbrance System

The Borough utilized a purchase order system for its expenditures in connection with its budgetary accounting system during the year under review. The accounting is processed on a data processing system for budgetary control. Tests of the system disclosed that compliance was good during the year. However, payments through the use of confirming orders were noted. Prior years' outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control.

#### Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage in effect at December 31, 2014. The Borough has provided evidence of coverage with the blanket bond coverage provided through its joint insurance fund coverage. The evidence provided with respect to the minimum surety bond requirements for both the Tax Collector and Municipal Court for the year 2014 indicate the surety bond coverage met the minimum requirements as set forth by regulation. Pursuant to confirmation of bond coverage with the joint insurance fund: (1) The positions of Tax Collector and Treasurer coverage's by endorsement as employees, and (2) the Municipal Court coverage under Borough employees.

#### Municipal Court

The Borough of Keyport has entered into a shared services agreement for the establishment of a "Joint Municipal Court Between The Township of Hazlet, Borough of Keyport and Borough of Matawan" effective for the period commencing on January 1, 2012. The operations of the Joint Municipal Court are managed solely by the Township of Hazlet, which utilizes one set of books and one court calendar. The Municipalities each receive and retain all net revenues generated by all cases on their respective court dockets as is currently provided and in accordance with applicable statutes. Accordingly, the operation of the "Joint Municipal Court Between The Township of Hazlet, Borough of Keyport and Borough of Matawan" has not been audited as part of the Borough of Keyport financial statements – regulatory basis. The agreement was effective through December 31, 2014 with the operations returning to the Borough of Keyport for the calendar year CY 2015.

#### Condition of Records - Finance Office

The records maintained by the Finance Department during the period were reviewed. A general ledger was maintained for each fund and was found to serve as the basis for financial statement – regulatory basis preparation.

## GENERAL COMMENTS

### OTHER MATTERS (Cont'd)

#### Administration and Accounting for State & Federal Grants

The Borough operated various programs during 2014, which were funded in whole or in part by State or Federal grant assistance. These programs often vary as to the application and approval process; matching funds requirements, grant periods, required approvals for modification of budgets and the timing and frequency of financial reporting. A separate grant fund was maintained to allow for the separate recording of grant activity.

The acceptance of grant funds also places additional requirements upon the Borough with respect to the Borough's system of internal controls. Based upon the matrix of requirements applicable to a specific grant, the Borough's internal controls are required to include systems and policies and procedures designed to ensure compliance with the applicable requirements. In addition, we suggest the Borough review all of the applicable grant requirements in conjunction with the Borough's system of internal controls in order to ensure the Borough's internal controls are functioning at the requisite levels to meet with the various compliance requirements.

In addition, as with other local entities, due to weaknesses in the grant notification process followed by certain agencies that pass-through federal and state assistance to the Borough, the Borough often does not receive accurate and timely information with respect to grant funding sources, along with the relevant CFDA and account number information from its respective grantor agencies, which can inhibit the preparation of these financial assistance schedules.

#### Condition of Records - Tax Office

The records maintained by the Tax Collector were reviewed. Computerized real estate tax billings and billing adjustments were reviewed.

#### Water and Sewer Utility Fund

The results of operation for the Water and Sewer Utility Operating Fund are set forth in Exhibit "D-1" of this report. Realized revenues amounted to \$3,256,809.72 and expenditures amounted to \$3,228,928.63 resulting in excess operations of \$27,881.09. The calculation of "Self-Liquidating Purpose" utility operations per N.J.S.A. 40A: 2-45 resulted in a statutory excess for debt statement purposes of \$5,303.90, which allowed the deduction of Water and Sewer Utility Debt in the calculation of statutory net debt of the Borough at December 31, 2014. A reconciliation of the excess revenues from operations (Exhibit D-1) and the excess in revenues for debt statement purposes is included in the "Notes to Financial Statements".

#### Other Compliance Matters

The Local Finance Board, State of New Jersey, adopted the following requirements, previously identified as "technical accounting directives", as codified in the New Jersey Administration Code, as follows:

N.J.A.C. 5:30 – 5.2 – Encumbrance Systems: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. The Borough is in compliance with this directive.

## GENERAL COMMENTS

### OTHER MATTERS (Cont'd)

N.J.A.C. 5:30 – 5.6 – Accounting for Governmental Fixed Assets: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets. The Borough is in compliance with this directive.

N.J.A.C. 5:30 – 5.7 – General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, as least, the Current Fund. The Borough is in compliance with this directive.

### Internal Control Documentation

We suggest that the Borough continue to develop its process of documentation of internal controls. This course of action will serve the purpose of meeting certain requirements as set for the by the Statement on Auditing Standards (SAS) 115. We also suggest that the Borough consider utilizing the framework established by the Council of Sponsoring Organizations of the Treadway commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communications; and Monitoring. In addition, we also suggest that the documentation should also include the internal controls that exist over grant compliance.

RECOMMENDATION(S)

NONE

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ACKNOWLEDGMENT

Should any questions arise as to our comments or recommendations or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

During the course of our engagement we received the complete cooperation of the various officials of the Borough, and the courtesies extended to us were greatly appreciated.

Respectfully submitted,

HODULIK & MORRISON, P.A.



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No. 412