

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

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY DATA  
AND INFORMATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2015 and 2014**

***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**  
**FINANCIAL STATEMENTS**

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

**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, 2015 and 2014, 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, 2015, 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, 2015, 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, 2015 and 2014 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, 2015, on the basis of accounting described in Note 2.

### **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that certain information, including the Notes thereto, (Required Supplementary Information – Part II), as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board and is prescribed by the Division of Local Government Services, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **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 IV – Supplementary Schedules and Part V – 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



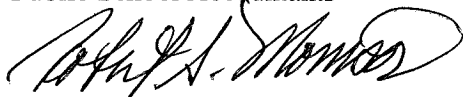
purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* and are also not a required part of the financial statements. The information included in Part III – the accompanying schedule of federal awards and the Part IV – 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 V - 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 September 26, 2016 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  
Registered Municipal Accountant  
No. 412

Highland Park, New Jersey  
September 26, 2016

## **FINANCIAL STATEMENTS**

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

**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**DECEMBER 31, 2015 AND DECEMBER 31, 2014**

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>
Cash and Investments - Treasurer	A-4	\$ 1,535,732.43	\$ 980,548.44	Liabilities:		\$	\$
Cash - Change Fund	A-5	625.00	325.00	Special Emergency Note Payable	A-15	105,600.00	141,400.00
Due from State of N.J. per Ch. 20, P.L. 1976	A-6	3,389.20	1,889.20	Appropriation Reserves	A-3, A-11	338,455.96	390,516.89
				Reserve for Encumbrances	A-3, A-11	287,384.67	128,133.17
				Prepaid Taxes	A-7	138,164.00	94,786.63
				Various Payables	A-14		33,068.02
				Various Reserves	A-14	81,635.29	2,665.13
				Tax Overpayments	A-12	250.00	
	A-7	660,645.17	623,148.29	County Taxes Payable	A-13	1,630.87	1,318.54
Property Acquired for Taxes (At Assessed Valuation)	A-7	171,378.42	157,804.60	Due Trust Other Fund	A-10	260.92	282.60
Revenue Accounts Receivable	A-8	97,100.00	97,100.00	Due State & Federal Grant Fund	A-10	163,829.99	184,789.52
Due from Payroll Fund	A-10	27,587.01	13,442.00			1,117,211.70	976,960.50
Abating Costs Receivable	A	3,612.45	660.00	Reserve for Receivables	Reserve	960,937.29	892,769.13
				Fund Balance	A-1	528,134.93	147,202.14
		960,937.29	892,769.13				
				Total Current Fund		2,606,283.92	2,016,931.77
Deferred Charges:							
Special Emergency							
Authorization N.J.S.A. 40A:4-53	A-9	105,600.00	141,400.00				
		105,600.00	141,400.00				
Total Current Fund		2,606,283.92	2,016,931.77	State & Federal Grant Fund:			
State & Federal Grant Fund:				Reserve for State and Federal Grants:			
Grants Receivable	A-16	202,598.01	205,411.84	Appropriated	A-18	346,631.67	361,113.29
Due from Current Fund	A-10	163,829.99	184,789.52	Unappropriated	A-19	3,438.31	9,301.91
				Reserve for Encumbrances	A-18	16,358.02	19,786.16
Total State & Federal Grant Fund		366,428.00	390,201.36	Total State & Federal Grant Fund		366,428.00	390,201.36
Total Assets		\$ 2,972,711.92	\$ 2,407,133.13	Total Liabilities, Reserves, and Fund Balance		\$ 2,972,711.92	\$ 2,407,133.13

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, 2015 AND 2014**

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Fund Balance Utilized	A-1, A-2 \$	110,000.00 \$	87,700.00
Miscellaneous Revenues Anticipated	A-2	2,288,941.25	2,472,018.10
Receipts from Delinquent Taxes	A-2	624,398.29	601,676.10
Receipts from Current Taxes	A-7	16,713,490.44	15,940,510.12
Non-Budget Revenue	A-2	40,873.01	61,510.24
Other Credits to Income:			
Unexpended Balances of Approp. Reserves	A-11	303,057.81	11,632.90
Cancellation of Grant Reserves	A-10	24,044.98	154.98
Cancel Accounts Payable	A-14	33,068.02	
Abating Costs Received	A-2	3,507.55	4,443.48
Total Revenues		<u>20,141,381.35</u>	<u>19,179,645.92</u>
<u>EXPENDITURES AND OTHER CHARGES</u>			
Budget Appropriations:			
Operating			
Salaries and Wages	A-3	3,239,751.00	3,054,850.00
Other Expenses	A-3	3,167,675.24	3,306,421.82
Municipal Debt Service	A-3	993,661.08	943,330.10
Capital Improvements	A-3	50,000.00	130,000.00
Deferred Charges and Statutory Expend.-Mun.	A-3	739,005.00	688,090.00
Transferred to Board of Education	A-3	45,068.00	44,268.00
County Taxes	A-13	1,923,184.05	1,704,348.27
Local District School Taxes	A-13	9,058,886.00	8,717,811.00
Business Improvement District Taxes	A-13	118,000.00	118,000.00
Municipal Open Space Taxes	A-13	166,137.61	160,081.04
Prior Year Vet/Senior Citizen Deduction Disallowed	A-6	3,789.53	1,750.00
Refund of Prior Year Revenue	A-4	25.00	
Prior Year Tax Appeal	A-14	126,672.22	165,082.94
Abating Costs	Var.	5,800.00	
Cancellation of Grants Receivable	A-10	12,793.83	1,115.00
Total Expenditures		<u>19,650,448.56</u>	<u>19,035,148.17</u>
Excess in Revenue (Balance Forward)		490,932.79	144,497.75

**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, 2015 AND 2014**

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Statutory Excess to Fund Balance (brought forward)	\$	490,932.79	\$ 144,497.75
Adjustment to Income Before Surplus:			
Expenditures Included Above Which are by statute Deferred Charges to Budget of Succeeding Year			
		490,932.79	144,497.75
<u>FUND BALANCE</u>			
Balance - January 1	A	147,202.14	90,404.39
		638,134.93	234,902.14
Decreased by:			
Utilization as Anticipated Revenue	A-1	110,000.00	87,700.00
<b>Balance - December 31</b>	<b>A</b>	<b>\$ 528,134.93</b>	<b>\$ 147,202.14</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, 2015**

REF.	ANTICIPATED 2015 BUDGET	APPROP. N.J.S.A. 40A:4-87	TOTAL 2015 BUDGET	REALIZED	EXCESS OR (DEFICIT)
	\$		\$	\$	\$
<b>Fund Balance Anticipated</b>	A-1	110,000.00	110,000.00	110,000.00	
<b>Miscellaneous Revenues:</b>					
Licenses:					
Alcoholic Beverages	A-8	35,000.00	35,000.00	33,016.63	-1,983.37
Other	A-8	7,500.00	7,500.00	6,779.00	-721.00
Fees and Permits	A-8	15,700.00	157,000.00	263,576.90	106,576.90
Fines and Costs:					
Municipal Court	A-8	135,500.00	135,500.00	183,165.65	47,665.65
Interest and Costs on Taxes	A-8	138,000.00	138,000.00	132,282.05	-5,717.95
Cable Television Fees	A-8	106,046.00	106,046.00	106,046.48	0.48
Payment in Lieu of Taxes:					
Senior Citizen Housing	A-8	278,000.00	278,000.00	316,503.00	38,503.00
Bethany Manor Annex, Senior Citizen Housing	A-8	68,000.00	68,000.00	84,402.00	16,402.00
Consolidated Municipal Property Tax Relief Aid	A-8	77,419.00	77,419.00	77,419.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-8	637,054.00	637,054.00	637,054.00	
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	150,000.00	150,000.00	167,458.00	17,458.00
Interlocal - Board of Health (Union Beach)	A-8	5,000.00	5,000.00	5,000.00	
<b>Public and Private Revenues Offset with Approps.:</b>					
Monmouth County Recycling Stimulus	A-16			6,000.00	
Recycling Tonnage Grant	A-16	5,291.60	5,291.60	5,291.60	
Nj DLPS - Click It or Ticket	A-16	4,000.00	4,000.00	4,000.00	
Clean Communities Program	A-16	15,123.83	15,123.83	15,123.83	
Municipal Alliance on Alcoholism and Drug Abuse	A-16	34,278.00	34,278.00	34,278.00	
Office on Aging Grant	A-16	36,000.00	36,000.00	36,000.00	
Alcohol Education and Rehabilitation Fund	A-16	2,245.04	2,245.04	2,245.04	
DWI Saturation Patrol	A-16		10,000.00	10,000.00	
NJ DEP - Coastal Zone Mgmt.	A-16		10,000.00	10,000.00	
NJ Body Armor Grant	A-16	1,765.27	1,765.27	1,765.27	
Drive Sober or Get Pulled Over	A-16	5,000.00	5,000.00	5,000.00	
<b>Other Special Items:</b>					
Uniform Fire Safety Act	A-8	74,000.00	74,000.00	71,084.96	-2,915.04
Reserve for Debt Service - General Capital Fund	A-8	30,000.00	30,000.00	30,000.00	
Reserve for Infrastructure - General capital	A-8	19,553.84	19,553.84	19,553.84	
Reserve for Drainage Improvements - Capital	A-8	11,496.00	11,496.00	11,496.00	
General Capital Fund Balance	A-8	14,400.00	14,400.00	14,400.00	

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

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>REF.</u>	<u>ANTICIPATED 2015 BUDGET</u>	<u>APPROP. N.J.S.A. 40A:4-87</u>	<u>TOTAL 2015 BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Total Miscellaneous Revenues	A-1, A-4, A-8	1,882,248.75	50,123.83	2,073,672.58	2,288,941.25	215,268.67
Receipts from Delinquent Taxes	A-1	635,000.00		635,000.00	624,398.29	-10,601.71
Subtotal General Revenues		2,627,248.75	50,123.83	2,818,672.58	3,023,339.54	204,666.96
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-7	5,873,361.98		5,873,361.98	5,904,101.10	30,739.12
Minimum Library Tax	A-7	220,352.00		220,352.00	220,352.00	
Budget Totals		8,720,962.73	50,123.83	8,912,386.56	9,147,792.64	235,406.08
Non-Budget Revenues	A-1, A-4, A-8				40,873.01	
Total	<u>Ref.</u>	<u>\$ 8,720,962.73</u>	<u>\$ 50,123.83</u>	<u>\$ 8,912,386.56</u>	<u>\$ 9,188,665.65</u>	
		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, 2015**

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	RESERVED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED		
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive						
Salaries and Wages	\$ 87,000.00	\$ 87,000.00	\$ 73,751.67	\$ 9,222.62	\$ 13,248.33	\$
Other Expenses	42,100.00	42,100.00	24,422.17		8,455.21	
Mayor and Council						
Salaries and Wages	20,900.00	20,900.00	20,397.76		502.24	
Other Expenses	3,000.00	3,000.00	2,764.89	150.00	85.11	
Municipal Clerk						
Salaries and Wages	52,000.00	54,000.00	52,839.22		1,160.78	
Other Expenses						
Miscellaneous	13,170.00	13,170.00	10,681.52	1,704.68	783.80	
Revision and Codification of Ordinances	2,500.00	2,500.00			2,500.00	
Financial Administration						
Salaries and Wages	60,000.00	60,000.00	59,748.15		251.85	
Other Expenses	8,800.00	8,800.00	7,039.98	1,037.88	722.14	
Audit Services						
Other Expenses	17,000.00	17,000.00	17,000.00			
Collection of Taxes						
Salaries and Wages	88,100.00	88,300.00	88,243.29		56.71	
Other Expenses	9,700.00	9,700.00	7,544.30	1,034.92	1,120.78	
Assessment of Taxes						
Salaries and Wages	25,100.00	25,100.00	25,039.82		60.18	
Other Expenses						
Revision of Tax Map/Revaluation	2,000.00	2,000.00			2,000.00	
Reassessment of Real Property						
Miscellaneous	2,300.00	4,300.00	3,806.36		493.64	
Legal Services						
Other Expenses	125,000.00	125,000.00	80,542.14	4,758.05	39,699.81	
Environmental Commission						
Other Expenses	650.00	650.00	350.00		300.00	
Engineering Services						
Other Expenses	58,000.00	68,000.00	46,731.80	16,002.30	5,265.90	
Keyport Historical Society Contracted	1,000.00	1,000.00	1,000.00			



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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Planning/Zoning Board						
Salaries and Wages	3,600.00	3,700.00	3,699.52		0.48	
Other Expenses						
Revision of Master Plan	100.00	100.00	-		100.00	
Miscellaneous	4,000.00	4,000.00	3,061.97	300.00	638.03	
Property Maintenance Code						
Salaries and Wages	15,500.00	15,500.00	14,780.86		719.14	
Other Expenses	1,000.00	1,000.00	182.36	356.87	460.77	
<u>INSURANCES</u>						
Liability Insurance	241,000.00	253,100.00	253,056.40		43.60	
Workers Compensation Insurance	195,000.00	195,000.00	192,430.48		2,569.52	
Employee Group Insurance	530,000.00	510,000.00	506,594.24	150.00	3,255.76	
Health Benefit Waiver	20,000.00	13,000.00	12,639.18		360.82	
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	2,215,000.00	2,215,000.00	2,177,369.36		37,630.64	
Other Expenses						
Miscellaneous	85,000.00	85,000.00	62,583.29	11,459.90	10,956.81	
Clothing Allowance	25,600.00	25,600.00	24,053.06	306.95	1,239.99	
Acquisition of Vehicle	42,500.00	62,500.00	24,906.00	36,404.85	1,189.15	
Emergency Management Services						
Other Expenses	8,950.00	8,950.00	5,374.01	3,478.86	97.13	
Aid to Volunteer Fire Companies	24,220.00	24,220.00	6,200.00	17,520.00	500.00	
First Aid Contributions	18,000.00	18,000.00	12,918.31	5,013.71	67.98	
Fire Department						
Salaries and Wages	3,000.00	3,000.00	1,000.00		2,000.00	
Other Expenses	92,300.00	92,300.00	21,120.96	71,107.72	71.32	

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Uniform Fire Safety Act						
Salaries and Wages	52,500.00	52,500.00	45,498.98		7,001.02	
Other Expenses	32,500.00	32,500.00	7,164.33	630.94	24,704.73	
Municipal Prosecutor						
Salaries and Wages	23,001.00	23,001.00	23,000.12		0.88	
Municipal Court						
Salaries and Wages	90,000.00	67,000.00	59,241.29		7,758.71	
Other Expenses	40,000.00	35,000.00	21,547.81	316.47	13,135.72	
Public Defender						
Salaries and Wages	5,000.00	5,000.00	4,900.02		99.98	
Other Expenses	100.00	100.00	-		100.00	
<b>PUBLIC WORKS</b>						
Road Repairs and Maintenance						
Salaries and Wages	295,000.00	295,000.00	289,556.26		5,443.74	
Other Expenses	75,000.00	95,000.00	66,608.41	24,253.76	4,137.83	
Garbage and Trash Removal						
Salaries and Wages	50,000.00	50,000.00	49,935.06		64.94	
Other Expenses	16,500.00	18,500.00	13,694.19	4,494.02	311.79	
Contracted (40A.4-85)	235,000.00	235,000.00	193,875.00	17,625.00	23,500.00	
Public Buildings and Grounds						
Salaries and Wages	83,000.00	88,000.00	76,882.30	5,740.61	5,377.09	
Other Expenses						
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>HEALTH AND HUMAN SERVICES</b>						
Blood Borne Pathogens - Hepatitis B						
Salaries and Wages	1,900.00	1,900.00	1,866.42		33.58	
Other Expenses	1,000.00	1,000.00	255.00		745.00	
Board of Health						
Salaries and Wages	31,500.00	32,100.00	32,007.75		92.25	
Other Expenses	2,500.00	2,500.00	902.83	724.80	872.37	
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	
<b>PARK AND RECREATION</b>						
Recreation						

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

Exhibit - A-3

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED
Salaries and Wages	18,750.00	18,750.00	18,743.38		6.62
Other Expenses	3,500.00	3,500.00	3,247.42		252.58
Senior Citizen Community Center					
Salaries and Wages	9,000.00	7,000.00	5,320.00		1,680.00
Other Expenses	9,400.00	11,400.00	8,921.29	325.00	2,153.71
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	15,342.72	127.62	4,529.66
<u>OTHER COMMON OPERATING</u>					
Celebration of Public Events					
Other Expenses	1,500.00	1,500.00	400.00		1,100.00
Postage					
Other Expenses	17,500.00	22,500.00	16,659.61		5,840.39
Accumulated Leave Compensation					
Salaries and Wages	7,000.00	7,000.00			7,000.00
State Uniform Construction Code Officials					
Salaries and Wages	100,000.00	108,000.00	106,944.02		1,055.98
Other Expenses	10,500.00	10,500.00	7,285.96	2,580.97	633.07
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>UTILITY EXPENSES AND BULK PURCHASES</u>					
Fuel for Motor Vehicles	70,000.00	60,000.00	52,622.11	3,543.56	3,834.33
Telephone	40,000.00	40,000.00	35,238.11	824.65	3,937.24
Street Lighting	130,000.00	125,000.00	94,524.83	12,681.86	17,793.31
Fuel Oil	17,000.00	17,000.00	7,561.38	549.07	8,889.55
Natural Gas	30,000.00	30,000.00	23,798.90	2,556.19	3,644.91
Electricity	37,000.00	37,000.00	32,354.12		4,645.88
Landfill Disposal Costs	220,000.00	200,000.00	173,477.44	3,465.84	23,056.72
Total Operations Within "CAPS"	5,961,741.00	5,958,741.00	5,374,402.13	260,449.67	323,889.20
					-

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

**Exhibit - A-3**

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015 BUDGET 500.00	BUDGET AFTER MODIFICATION 500.00	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED 500.00	UNEXPENDED BALANCE CANCELLED
Contingent						
Total Operations Including Contingent Within "CAPS"	5,962,241.00	5,959,241.00	5,374,402.13	260,449.67	324,389.20	#
Detail:						
Salaries and Wages	3,246,851.00	3,232,751.00	3,153,882.95	-	78,868.05	-
Other Expenses	2,715,390.00	2,726,490.00	2,220,519.18	260,449.67	245,521.15	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>						
Public Employees' Retirement System	161,699.00	161,699.00	153,547.00		8,152.00	
Deferred Comp. Retirement Program	2,000.00	2,000.00	1,574.85		425.15	
Social Security System (O.A.S.I.)	135,000.00	138,000.00	136,182.42		1,817.58	
Police and Firemen's Retirement System of NJ	401,506.00	401,506.00	401,506.00			
Total Deferred Charges and Statutory Expenditures	700,205.00	703,205.00	692,810.27	-	10,394.73	
Total General Appropriations for Municipal Purposes Within "CAPS"	6,662,446.00	6,662,446.00	6,067,212.40	260,449.67	334,783.93	#
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>						
Maintenance of Free Public Library	240,352.00	240,352.00	235,256.92	3,879.00	1,216.08	
Total Other Operations - Excluded from "CAPS"	240,352.00	240,352.00	235,256.92	3,879.00	1,216.08	
<b>Interlocal Municipal Service Agreements</b>						
911 Services (County of Monmouth)						
Other Expenses	9,400.00	9,400.00	9,188.05		211.95	
Recycling (Hazlet)						
Other Expenses	4,500.00	4,500.00		3,056.00	1,444.00	
Services of Regional Health Association (P.L. 1975, Ch.329)						
Total Interlocal Municipal Service Agreements	13,900.00	13,900.00	9,188.05	3,056.00	1,655.95	

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
<u>Public and Private Programs Offset by Revenues</u>						
Clean Communities Grant		15,123.83	15,123.83			
Body Armor Replacement Grant	1,765.27	1,765.27	1,765.27			
Recycling Tonnage Grant	5,291.60	5,291.60	5,291.60			
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	2,245.04	2,245.04	2,245.04			
DWI Saturation Patrol		10,000.00	10,000.00			
NJ DEP - Coastal Zone Management		10,000.00	10,000.00			
Drive Sober or Get Pulled Over		5,000.00	5,000.00			
NJ DLPS - Click It or Ticket		4,000.00	4,000.00			
Municipal Drug Alliance Program SFY 2015						
Local Share	1,680.00	1,680.00	1,680.00			
State Share	420.00	420.00	420.00			
Municipal Drug Alliance Program SFY 2016						
State Share	32,598.00	32,598.00	32,598.00			
Local Share	8,149.50	8,149.50	8,149.50			
Monmouth County Recycling Stimulus		6,000.00	6,000.00			
Total Public and Private Programs Offset by Revenues	143,809.41	193,933.24	193,933.24	-	-	-
Total Operations Excluded from "CAPS"	398,061.41	448,185.24	438,378.21	6,935.00	2,872.03	-
Detail:						
Salaries and Wages						
Other Expenses	398,061.41	# 448,185.24	438,378.21		2,872.03	-
Capital Improvements Excluded from "CAPS"						
Acquisition of Fire Boat	30,000.00	30,000.00	29,200.00		800.00	
Acquisition of Firefighter Turnout Gear	20,000.00	20,000.00		20,000.00		
Total Capital Improvements Excluded from "CAPS"	50,000.00	50,000.00	29,200.00	20,000.00	800.00	
Municipal Debt Service Excluded from "CAPS"						
Payment of Bond Principal	675,000.00	675,000.00	675,000.00			
Payment of Bond Anticipation Notes and Capital Notes	1,300.00	1,300.00	1,300.00			
Interest on Bonds	305,020.00	305,020.00	305,018.89			
						1.11

**Exhibit - A-3**

**CURRENT FUND**

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

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

**TRUST FUNDS**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**DECEMBER 31, 2015 AND 2014**

		December 31, 2015	December 31, 2014
<u>ASSETS</u>			
	<u>Ref.</u>		
Animal Control Trust Fund			
Cash.....	B-1	\$ 6,174.72	\$ 7,919.68
Total Animal Control Fund		<u>6,174.72</u>	<u>7,919.68</u>
Other Trust Fund			
Cash.....	B-1	605,359.25	795,070.71
Due from Current Fund.....		260.92	282.60
Accounts Receivable - Police Off Duty...	B-5	<u>35,325.00</u>	
Total Other Trust Fund		<u>640,945.17</u>	<u>795,353.31</u>
Open Space Trust Fund			
Cash.....	B-1	<u>54,366.34</u>	<u>38,487.88</u>
Total Open Sapce Fund		<u>54,366.34</u>	<u>38,487.88</u>
<b>Total Trust Funds</b>		<b><u>\$ 701,486.23</u></b>	<b><u>\$ 841,760.87</u></b>

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

**TRUST FUNDS**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**DECEMBER 31, 2015 AND 2014**

		December <u>31, 2015</u>	December <u>31, 2014</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Animal Control Fund			
Reserve for Animal License Expenditures	B-2	<u>6,174.72</u>	<u>7,919.68</u>
Total Animal Control Fund		<u>6,174.72</u>	<u>7,919.68</u>
Other Trust Fund			
Due State of New Jersey -			
Fees & Licenses.....	B-3	305.00	225.00
Reserve for Various Trust Activities.....	B-5	<u>640,640.17</u>	<u>795,128.31</u>
Total Other Trust Fund		<u>640,945.17</u>	<u>795,353.31</u>
Open Space Trust Fund			
Reserve for Open Space.....	B-6	<u>54,366.34</u>	<u>38,487.88</u>
		<u>54,366.34</u>	<u>38,487.88</u>
<b>Total Trust Funds</b>		<b><u>\$ 701,486.23</u></b>	<b><u>\$ 841,760.87</u></b>

Note: See Notes to Financial Statements.



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

**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**DECEMBER 31, 2015 AND DECEMBER 31, 2014**

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>
Cash and Investments - Treasurer	C-2	\$ 1,063,509.13	\$ 4,431,246.00
Investments in Special Emergency/Emergency	C-2	105,600.00	141,400.00
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	112,500.00	300,000.00
Due from C.D.B.G.	C-4	-	180,385.00
Deferred Charges to Future Taxation:			
Funded	C-5	7,577,998.95	8,287,551.23
Unfunded	C-6	<u>4,019,089.23</u>	<u>4,626,389.23</u>
<b>Total Assets</b>		<b><u>\$ 13,976,197.31</u></b>	<b><u>\$ 19,064,471.46</u></b>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>			
Serial Bonds	C-9	\$ 7,105,000.00	\$ 7,780,000.00
Bond Anticipation Notes	C-10	2,240,800.00	4,928,100.00
Green Trust Loan Payable	C-13	472,998.95	507,551.23
Reserve for Encumbrances	C-7	380,250.50	759,591.64
Improvement Authorizations:			
Funded	C-8	372,143.06	945,370.45
Unfunded	C-8	2,361,751.82	2,597,547.78
Reserve for:			
Capital Improvement Fund	C-11	94,760.69	94,760.69
Other Reserves	C-12	269,917.25	764,110.63
DEP Grant/Loan Receivable	C-12	672,500.00	672,500.00
Fund Balance	C-1	<u>6,075.04</u>	<u>14,939.04</u>
<b>Total Liabilities, Reserves</b> <b>And Fund Balance</b>		<b><u>\$ 13,976,197.31</u></b>	<b><u>\$ 19,064,471.46</u></b>
 Authorized But Not Issued	 C-14	 <u>\$ 1,778,289.23</u>	 <u>\$ 2,158,289.23</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, 2015**

	<u>REF.</u>		
Balance - December 31, 2014	C	\$	14,939.04
Increased by:			
Premium on Sale of Bonds/Notes	C-2	<u>5,536.00</u>	<u>5,536.00</u>
			20,475.04
Decreased by:			
Appropriated CY 2015 Current Revenue	C-2	<u>14,400.00</u>	
<b>Balance - December 31, 2015</b>	<b>C</b>	<b>\$</b>	<b><u><u>6,075.04</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, 2015 AND DECEMBER 31, 2014**

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>
<b>Operating Fund:</b>							
Cash and Investments - Treasurer	D-5	\$ 398,300.87	\$ 442,254.22	Operating Fund:			
Due Water & Sewer Utility Capital Fund	D-7	6,715.63		Liabilities:			
		405,016.50	442,254.22	Appropriation Reserves	D-4, D-14	42,683.56	94,093.23
				Reserve for Encumbrances	D-9	46,838.25	61,842.89
				Water and Sewer Overpayment	D-19	3,493.36	2,658.40
				Prepaid Consumer Accounts	D-20	252,983.89	205,912.12
				Accrued Int. on Bonds, Notes & Loans	D-15	38,813.88	49,801.66
Receivables With Full Reserves:							
BRSA Rent Reserve	D-12	322,814.69	322,291.10			384,812.94	414,308.30
Consumer Accounts Receivable	D-8	193,479.84	201,364.80	Reserve for Receivables	Reserve	516,294.53	523,655.90
		516,294.53	523,655.90	Fund Balance	D- 1	20,203.56	27,945.92
Total Operating Fund		921,311.03	965,910.12	Total Operating Fund		921,311.03	965,910.12
<b>Capital Fund:</b>							
Cash and Investments - Treasurer				Capital Fund:			
Fixed Capital	D-5	259,162.01	3,823,990.24	Serial Bonds Payable	D-16	985,000.00	1,070,000.00
Fixed Capital - Authorized and	D-10	3,674,005.39	3,674,005.39	Bond Anticipation Notes Payable	D-17	4,290,000.00	4,290,000.00
Uncompleted				Loans Payable	D-11	5,668,315.47	2,637,022.00
State & Federal Grants/ Loans Receivable	D-13	9,670,000.00	9,670,000.00	Reserve for Encumbrances	D-9		
Reserve	Reserve	1,000,000.00	4,687,334.00	Funded	D-18	41,813.69	37,412.84
		14,603,167.40	21,855,329.63	Unfunded	D-18	221,863.14	1,558,321.65
Total Capital Fund		14,603,167.40	21,855,329.63	Reserve for Encumbrances	D-9	1,400,287.84	2,691,662.19
				Capital Improvement Fund	D-21	50,087.00	50,087.00
				Reserve for Amortization	D-22	3,674,005.39	3,674,005.39
				Reserve for Deferred Amortization	D-23	1,548,369.53	1,135,044.00
				Reserve for State & Federal Grants / Loans	Reserve	1,000,000.00	4,687,334.00
				Due Water & Sewer Utility Operating Fund	D-7	6,715.63	
				Fund Balance	D-2	6,709.71	24,440.56
Total Capital Fund		14,603,167.40	21,855,329.63	Total Capital Fund		14,603,167.40	21,855,329.63
<b>Total</b>		<b>\$ 15,524,478.43</b>	<b>\$ 22,821,239.75</b>	<b>Total</b>		<b>\$ 15,524,478.43</b>	<b>\$ 22,821,239.75</b>

There were Bonds and Notes Authorized but not Issued at December 31, 2015 in the amount of \$1,468,315.00 (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, 2015 AND 2014**

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Fund Balance	D-3	\$ 27,900.00	\$ 69,100.00
Water and Sewer Rents	D-3	2,940,485.98	2,965,837.88
Miscellaneous	D-3	173,448.74	199,294.65
Capital Fund Balance	D-3	23,840.15	
Unexpended Balance of Appropriation Reserves	D-14	<u>61,509.05</u>	<u>22,577.19</u>
Total Revenues		<u>3,227,183.92</u>	<u>3,256,809.72</u>
<u>EXPENDITURES</u>			
Operating	D-4	1,090,300.00	1,081,000.00
Bayshore Regional Sewerage Authority	D-4	1,146,700.00	1,200,000.00
Acquisition of Water	D-4	610,000.00	611,000.00
Capital Outlay	D-4	19,000.00	25,000.00
Debt Service	D-4	277,026.28	147,928.63
Deferred Charges and Statutory Expenditures	D-4	64,000.00	164,000.00
Refunds of Prior Year Revenues	D-5		
Total Expenditures		<u>3,207,026.28</u>	<u>3,228,928.63</u>
Excess/(Deficit) in Revenues		20,157.64	27,881.09
Deferred Charge to be Raised in Budget of Succeeding Year	D		
Statutory Excess to Fund Balance		20,157.64	27,881.09
<u>FUND BALANCE</u>			
Balance - January 1	D	<u>27,945.92</u>	<u>69,164.83</u>
		48,103.56	97,045.92
Decreased by:			
Utilization as Anticipated Revenue	D- 1	<u>27,900.00</u>	<u>69,100.00</u>
<b>Balance - December 31</b>	<b>D</b>	<b>\$ <u>20,203.56</u></b>	<b>\$ <u>27,945.92</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, 2015**

	<u>REF.</u>	
Balance - December 31, 2014	D	\$ 24,440.56
Increased by:		
Premium on Sale of		
Bond Anticipation Notes	D-5	<u>6,109.30</u>
		6,109.30
Decreased by:		
Transfer to Operating Budget		
Revenue	D-5	<u>23,840.15</u>
<b>Balance - December 31, 2015</b>	<b>D</b>	<b>\$ <u><u>6,709.71</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, 2015**

	<u>REF.</u>	2015 <u>BUDGET</u>	<u>REALIZED</u>	EXCESS OR <u>(DEFICIT)</u>
Operating Surplus Anticipated		\$ 27,900.00	\$ 27,900.00	\$
Water and Sewer Rents		2,965,000.00	2,940,485.98	-24,514.02
Miscellaneous		195,000.00	173,448.74	-21,551.26
Capital Fund Balance		23,840.15	23,840.15	
<b>Total</b>		<b>\$ <u>3,211,740.15</u></b>	<b>\$ <u>3,165,674.87</u></b>	<b>\$ <u>-46,065.28</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, 2015**

	2015 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operating:						
Salaries and Wages	\$ 510,000.00	\$ 505,000.00	\$ 502,290.92	\$ 39,781.25	\$ 2,709.08	\$
Other Expenses	571,000.00	585,300.00	543,718.24		1,800.51	
Bayshore Regional Sewerage Authority	1,150,000.00	1,146,700.00	1,146,670.24		29.76	
Acquisition of Water	610,000.00	610,000.00	576,115.64		33,884.36	
Capital Improvements:						
Capital Outlay	25,000.00	19,000.00	7,880.00	7,057.00	4,063.00	
Debt Service:						
Payment on Bond Principal	85,000.00	85,000.00	85,000.00			
Payment on Bond Anticipation Notes						
Interest on Bonds	46,487.50	46,487.50	46,487.50			
Interest on Notes	43,000.00	43,000.00	38,286.13			4,713.87
USDA Loan - Principal	38,706.53	38,706.53	38,709.53			
USDA Loan - Interest	68,546.12	68,546.12	68,546.12			
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	48,803.15		196.85	
<b>Total Water &amp; Sewer Utility Appropriations</b>	<b>\$ 3,211,740.15</b>	<b>\$ 3,211,740.15</b>	<b>\$ 3,117,507.47</b>	<b>\$ 46,838.25</b>	<b>\$ 42,683.56</b>	<b>\$ 4,713.87</b>
Ref.	D-3	D-3	D-1	D-1, D-9	D, D-1	
Disbursed						
Accrued Interest on Bonds, Notes and Loans			\$ 2,925,478.19			
			192,029.28			
			<b>\$ 3,117,507.47</b>			

Note: See Notes to Financial Statements.

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

**PAYROLL AGENCY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2015 AND DECEMBER 31, 2014**

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2015</u>	<u>BALANCE DEC. 31, 2014</u>
Cash	E-1	\$ <u>3,395.49</u>	\$ <u>3,387.83</u>
<b>Total Assets</b>		<b>\$ <u>3,395.49</u></b>	<b>\$ <u>3,387.83</u></b>
 <u>LIABILITIES</u>			
Due to Current Fund	E	\$ 614.24	\$ 614.24
Payroll Deductions Payable	E-1	<u>2,781.25</u>	<u>2,773.59</u>
<b>Total Liabilities</b>		<b>\$ <u>3,395.49</u></b>	<b>\$ <u>3,387.83</u></b>

Note: See Notes to Financial Statements.



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

**STATEMENT OF GOVERNMENTAL FIXED ASSETS - REGULATORY BASIS  
DECEMBER 31, 2015 AND DECEMBER 31, 2014**

<u>GOVERNMENTAL FIXED ASSETS:</u>	DECEMBER 31 <u>2015</u>	DECEMBER 31 <u>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	2,985,709.08	2,985,709.08
Machinery and Equipment	483,618.30	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>\$ 14,519,207.47</u></b>	<b><u>\$ 14,380,320.47</u></b>
 <b>Investments in Governmental Fixed Assets</b>	 <b><u>\$ 14,519,207.47</u></b>	 <b><u>\$ 14,380,320.47</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, 2015 AND 2014**

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 exists 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 or 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, 2015 and 2014.

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.)

Disclosures About Pension Liabilities - The Borough has included information relating to its allocated shares of the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in Note 10 and the accompanying required supplementary information. As the Borough does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements.

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.

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

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

Recent Accounting Standards

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.

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

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 2015</u>	<u>YEAR 2014</u>
<u>Issued:</u>		
General:		
Bonds and Notes and Loans	\$ 9,818,798.95	\$ 13,215,651.23
Water and Sewer Utility:		
Bonds and Notes	<u>6,653,315.47</u>	<u>7,997,022.00</u>
Total Issued	<u>16,472,114.42</u>	<u>21,212,673.23</u>
<b>Net Issued</b>	<b><u>16,472,114.42</u></b>	<b><u>21,212,673.23</u></b>
<u>Authorized But Not Issued:</u>		
General:		
Bonds and Notes	1,778,289.23	2,158,289.23
Water and Sewer Utility:		
Bonds and Notes	<u>1,468,315.00</u>	<u>1,757,934.00</u>
<b>Total Authorized But Not Issued</b>	<b><u>3,246,604.23</u></b>	<b><u>3,916,223.23</u></b>
<b>Total Bonds and Notes Issued and Authorized but not Issued</b>	<b><u>\$ 19,718,718.65</u></b>	<b><u>\$ 25,128,896.46</u></b>



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, 2015 and 2014:

	<u>YEAR 2015</u>	<u>YEAR 2014</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%.	2,200,000.00	2,400,000.00
\$3,525,000 MCIA Refunding Bonds, Series 2012 due in annual installments of \$305,000 to \$380,000 through December 2023.	2,890,000.00	3,220,000.00
\$2,160,000 MCIA Revenue Bonds, Series 2014 due in annual installments of \$145,000 to \$185,000 through December 2026.	2,015,000.00	2,160,000.00
\$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
\$2,240,800, General Capital Bond Anticipation Notes issued on 7/31/15 due on 4/29/16, interest at 1.25%.	2,240,800.00	
Green Trust Loan	472,998.95	507,551.23
<b>Total General Capital Debt</b>	<b><u>\$ 9,818,798.95</u></b>	<b><u>\$ 13,215,651.23</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.	985,000.00	1,070,000.00
\$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	2,598,315.47	2,637,022.00
\$3,070,000 USDA Water Rehabilitation Loan due in semi-annual installements of \$44,158.00 through December 2054	3,070,000.00	
<b>Total Water and Sewer Utility Debt</b>	<b><u>6,653,315.47</u></b>	<b><u>7,997,022.00</u></b>
<b>Total Debt Issued and Outstanding</b>	<b><u>\$ 16,472,114.42</u></b>	<b><u>\$ 21,212,673.23</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>2015</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 4,190,000.00	\$ 4,190,000.00	
Water Utility and Sewer Utility Debt	8,121,630.47	7,674,602.27	447,028.20
General Debt	<u>11,597,088.18</u>	<u>99,417.25</u>	<u>\$ 11,497,670.93</u>
	<u>\$ 23,908,718.65</u>	<u>\$ 11,964,019.52</u>	<u>\$ 11,944,699.13</u>

Net Debt            \$11,944,699.13 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as  
amended        \$665,448,757.67 =                      1.79%

<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%

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

	<u>2015</u>	<u>2014</u>
3 1/2% of Equalized Valuation Basis Municipal Net Debt	\$ 23,290,706.52 <u>11,944,699.13</u>	\$ 23,221,961.58 <u>12,351,379.67</u>
Remaining Borrowing Power	<u>\$ 11,346,007.39</u>	<u>\$ 10,870,581.91</u>

CY 2015 Equalized Valuation Basis

2013 Equalized Valuation Basis of Real Property	662,622,945
2014 Equalized Valuation Basis of Real Property	657,122,145
2015 Equalized Valuation Basis of Real Property	<u>676,601,183</u>
Average Equalized Valuation	\$ <u>665,448,758</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>

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>2015</u>	<u>2014</u>
Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 3,165,674.87	\$ 3,234,232.53
Deductions:		
Operating & Maintenance Cost	(2,911,000.00)	(3,081,000.00)
Debt Service Per Water & Sewer Acct.	<u>(277,026.28)</u>	<u>(147,928.63)</u>
Total Deductions	<u>(3,188,026.28)</u>	<u>(3,228,928.63)</u>
Excess/(Deficit) in Revenue	\$ <u>(22,351.41)</u>	\$ <u>5,303.90</u>

Calculation of "Self Liquidating Purpose" Deduction from Gross Debt

Water & Sewer Debt	\$ 8,121,630.47	\$ 7,674,602.27
Less: Deficit Capitalized at 5%	<u>(447,028.20)</u>	<u>-</u>
Water & Sewer Debt Deductible	<u>7,674,602.27</u>	<u>7,674,602.27</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>2015</u>	<u>2014</u>
Excess/(Deficit) in Revenues - Cash Basis (D-1)	\$ 20,157.64	\$ 27,881.09
Add: Capital Outlay	19,000.00	
Less: Unexpended Balance of Appropriation Reserves	<u>(61,509.05)</u>	<u>(22,577.19)</u>
	<u>(61,509.05)</u>	<u>(22,577.19)</u>
Excess/(Deficit) in Revenue	\$ <u>(22,351.41)</u>	\$ <u>5,303.90</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 Principal	General Interest	Water and Sewer Utility Principal	Water and Sewer Utility Interest	Total
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>\$7,390,000.00</u>	<u>\$1,539,850.00</u>	<u>\$985,000.00</u>	<u>\$260,650.00</u>	<u>\$8,450,500.00</u>

D. Green Acres Loan - 1324-03-067

Year Ending December 31	Principal	Interest	Total Payments
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>\$472,998.95</u>	<u>\$61,377.92</u>	<u>\$534,376.87</u>

## DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTD.)

E.

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## NOTES TO FINANCIAL STATEMENTS

### Note 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015 and 2014 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, 2015</u>	<u>Utilized in</u> <u>Succeeding Budget</u>
Current Fund	\$2,606,283.92	\$396,000.00
Water and Sewer Utility Fund	20,203.56	20,200.00

	<u>Fund Balance</u> <u>December 31, 2013</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

### 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, 2015, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance</u> <u>December</u> <u>31, 2014</u>	<u>Amount</u> <u>Raised</u> <u>In 2015</u>	<u>Balance</u> <u>December</u> <u>31, 2015</u>
Current Fund:			
Special Emergency Authorization:			
Revision of Master Plan	\$ 5,400.00	\$ 1,800.00	\$ 3,600.00
Revaluation of Real Property	<u>136,000.00</u>	<u>34,000.00</u>	<u>102,000.00</u>
	<u>\$141,400.00</u>	<u>\$35,800.00</u>	<u>\$105,600.00</u>

## NOTES TO FINANCIAL STATEMENTS

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

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

	Balance December <u>31, 2013</u>	Amount Raised <u>In 2014</u>	Balance December <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>\$1,00,000.00</u>	<u>\$100,000.00</u>	<u>\$ 0.00</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, 2015 and 2014, cash and cash equivalents of the Borough on deposit and on-hand consisted of the following:

	<u>2015</u>	<u>2014</u>
Cash (Demand) Accounts	\$3,853,014.36	\$10,576,872.57
Change Funds (on Hand)	<u>525.00</u>	<u>525.00</u>
	<u>\$3,926,539.36</u>	<u>\$10,577,397.57</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 \$3,926,525.24 and the bank balance was \$3,926,539.36. Of the bank balance, \$326,703.18 was covered by Federal depository insurance (FDIC) and \$3,526,311.18 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 \$105,600 as at December 31, 2015. 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, 2015 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.

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.

Receivables at December 31, 2015 consisted of the following:

Type	<u>Current Fund</u>	<u>Water and Sewer Utility Fund</u>	<u>Total</u>
Real Property Taxes	\$660,645.17		\$660,645.17
Water and Sewer Utility Rents		\$193,479.84	\$193,479.84
Totals	\$660,645.17	\$193,479.84	\$854,125.01

## NOTES TO FINANCIAL STATEMENTS

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

#### Taxes, Water and Sewer Utility Receivables (Cont'd.)

Receivables at December 31, 2014 consisted of the following:

Type	Current <u>Fund</u>	Water and Sewer <u>Utility Fund</u>	<u>Total</u>
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

### Note 9: GOVERNMENTAL FIXED ASSETS

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

	Balance <u>December 31, 2014</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>December 31, 2015</u>
Land	\$5,186,100.00			\$5,186,100.00
Buildings/ Bldg. Improvements	5,481,800.00			5,481,800.00
Motor Vehicles & Equipment	2,985,709.08			2,985,709.08
Machinery & Equipment	344,731.30	\$138,887.00		483,618.30
Office Furniture & Equipment	163,066.09			163,066.09
Other Equipment	218,914.00			218,914.00
	<u>\$14,380,320.47</u>	<u>\$138,887.00</u>	<u>\$0.00</u>	<u>\$14,519,207.47</u>

### Note 10: PENSION PLANS

Description of Plans - The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final

Note 10: PENSION PLANS (CONT'D.)

compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a projection period.

The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

A. Public Employees' Retirement System (PERS) - The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

*Plan Membership and Contributing Employers*- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2015:

Inactive plan members or beneficiaries currently receiving benefits	166,637
Inactive plan members entitled to but not yet receiving benefits	703
Active plan members	<u>259,161</u>
Total	<u>426,501</u>

Contributing Employers – 1,710.

*Significant Legislation* – Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

*Payrolls and Covered Wages:*

For the year ended December 31, 2015 the Borough's total payroll for all employees was \$3,890,523. Total PERS covered payroll was \$1,259,846. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan. However, due to systems limitations, covered payroll includes only "pensionable" payroll as reported to PERS.

## Note 10: PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.92% in State fiscal year 2015 and increased to 7.06% for State fiscal year 2016, commencing July 1, 2015. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent State fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Borough's cash basis contributions to the Plan for the years ended December 31, 2015 and 2014 were \$176,699 and \$169,179, respectively. Borough Contributions are due and payable on April 1<sup>st</sup> in the calendar year subsequent to the plan year for which the contribution requirements were calculated. Borough payments to PERS for the years ending December 31, 2014 and 2015 consisted of the following:

	<u>2015</u>	<u>2014</u>
Normal Cost	\$ 29,416	\$ 30,825
Amortization of Accrued Liability	<u>137,074</u>	<u>135,525</u>
Total Pension	165,490	166,350
NCGI Premiums	<u>11,209</u>	<u>2,829</u>
Total Regular Billing	176,699	169,179
Total PERS Payment	<u>\$176,699</u>	<u>\$169,179</u>

The Borough recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

Where applicable, Ch. 19, P.L. 2009 billings reflect the recoupment of the 50% deferral of normal and accrued liability costs due on April 1, 2009. The law set a fifteen-year repayment schedule for the deferred amount, with additional annual adjustments to reflect the return on investment of actuarial net assets of the plan on deferred principal balances. The Borough is not a participant in the Ch. 19, P.L. 2009 program.

The vesting and benefit provisions are set by N.J.S.A. 43:15. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

## Note 10: PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is basis for the preparation of the Borough's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2015, the PERS reported a net pension liability of \$22,447,996,119 for its Local (Non-State) Employer Member Group. The Borough's proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the Borough was \$4,689,152 or 0.020889%. At June 30, 2014, the PERS reported a net pension liability of \$18,722,735,003 for its Local Employer Member Group. The Borough's proportionate share of the net pension liability for the Local Employer Member Group that was attributable to the Borough was \$4,01,035 or 0.021434%.

*Actuarial Assumptions*- The total pension liability in the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 that was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases (2012-2021)	2.15-4.40% Based on age
Thereafter	3.15-5.40% Based on age
Investment rate of return	7.90%

## Note 10: PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experiences will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Note 10: PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

*Discount Rate* – The discount rate used to measure the pension liabilities of PERS was 4.90%. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PERS participating employers as of June 30, 2015, calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u> <u>(3.90%)</u>	<u>At current discount rate</u> <u>(4.90%)</u>	<u>At 1% increase</u> <u>(5.90%)</u>
State	\$27,802,122,942	\$23,722,135,537	\$20,314,768,782
Local	<u>27,900,112,533</u>	<u>22,447,996,119</u>	<u>17,876,981,108</u>
PERS Plan Total	<u>\$55,702,235,457</u>	<u>\$46,170,131,656</u>	<u>\$38,191,749,890</u>

*Components of Net Pension Liability* – The components of the net pension liability for PERS, including the State of New Jersey, at June 30, 2015 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$31,614,118,524	\$43,109,580,038	\$74,723,698,562
Plan Fiduciary Net Position	<u>7,891,982,987</u>	<u>20,661,583,919</u>	<u>28,553,566,906</u>
Net Pension Liability	<u>\$23,722,135,537</u>	<u>\$22,447,996,119</u>	<u>\$46,170,161,656</u>



## NOTES TO FINANCIAL STATEMENTS

### Note 10: PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

*Plan Membership and Contributing Employers-* Substantially all full-time county and municipal police or firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2015:

Inactive plan members or beneficiaries currently receiving benefits	44,252
Inactive plan members entitled to but not yet receiving benefits	51
Active plan members	<u>40,359</u>
Total	<u>84,662</u>

Contributing Employers – 585.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2015 the Borough's total payroll for all employees was \$3,890,523. Total PFRS covered payroll was \$1,508,299. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan. However, due to systems limitations, covered payroll includes only "pensionable" payroll as reported to PFRS.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Borough's cash basis contributions to the Plan for the years ended December 31, 2015 and 2014 were \$401,506 and \$365,524, respectively. Borough Contributions are due and payable on April 1<sup>st</sup> in the calendar year subsequent to the plan year for which the contribution requirements were calculated. Borough payments to PFRS for the years ending December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Normal Cost	\$ 137,726	\$ 133,056
Amortization of Accrued Liability	<u>245,770</u>	<u>219,031</u>
Total Pension	383,496	352,087
NCGI Premiums	<u>18,010</u>	<u>13,437</u>
Total Regular Billing	401,506	365,524
Total PERS Payment	<u>\$401,506</u>	<u>\$365,524</u>

## Note 10: PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is basis for the preparation of the Borough's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until fiscal period in which such payments will become due and payable.

At June 30, 2015, the PFRS reported a net pension liability of \$16,656,514,197 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State, Non-Special Funding Situation Employer Member Group was \$8,334,053 or 0.050035%. At June 30, 2014, the PFRS reported a net pension liability of \$12,579,072,492 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$7,283,766 or 0.057904%.

*Actuarial Assumptions*- The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases (2012-2021)	2.60-9.48% Based on age
Thereafter	3.60-10.48% Based on age
Investment rate of return	7.90%

## Note 10: PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

## Note 10: PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

*Discount Rate* – The discount rate used to measure the pension liabilities of PFRS was 5.79%. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u> <u>(4.79%)</u>	<u>At current discount rate</u> <u>(5.79%)*</u>	<u>At 1% increase</u> <u>(6.79%)</u>
State	\$ 5,169,538,395	\$ 4,293,672,366	\$ 3,581,810,627
Local	<u>23,884,266,996</u>	<u>18,117,234,618</u>	<u>13,414,734,988</u>
PFRS Plan Total	<u>\$29,053,805,391</u>	<u>\$22,410,906,984</u>	<u>\$16,996,545,615</u>

\*- Local Share includes \$1,460,720,421 of Special Funding Situation allocated to the State of NJ as a non-employer.

*Components of Net Pension Liability* – The components of the net pension liability for PFRS, including the State of New Jersey, at June 30, 2015 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 6,053,301,057	\$41,464,464,848	\$47,517,765,905
Plan Fiduciary Net Position	<u>1,759,628,691</u>	<u>23,347,230,230</u>	<u>25,106,858,921</u>
Net Pension Liability	<u>\$ 4,293,672,366</u>	<u>\$18,117,234,618</u>	<u>\$22,410,906,984</u>

## Note 10: PENSION PLANS (CONT'D.)

C. Defined Contribution Retirement System (DCRP)

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

*Plan Membership and Contributing Employers-* Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2015, the membership in the DCRP, based on the information within the Division's database, was 36,808.

*Contribution Requirement and Benefit Provisions -* State and local government employers contribute 3% of the employees base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

For the year ended December 31, 2015 the Borough's total payroll for all employees was \$3,890,523. Total DCRP covered payroll was \$42,639.09. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan. Borough and employee contributions to the DCRP for the year ended December 31, 2015 were \$1,279.16 and \$2,345.15, respectively.

## 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.

## NOTES TO FINANCIAL STATEMENTS

### 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 \$328,865.00 and \$305,053.00 at December 31, 2015 and 2014, 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, 2015.

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 \$8,307.64 and \$13,154.26, as at December 31, 2015 and 2014, 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, 2015, 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**  
**REQUIRED SUPPLEMENTARY INFORMATION**



BOROUGH OF KEYPORT  
 SCHEDULE OF THE TOWNSHIP'S SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

	<u>2014</u>	<u>2015</u>
Township's Proportion Share of the Net Pension Liability	0.021434%	0.020889%
Township's Proportion Share of the Net Pension Liability	\$4,013,035	\$4,689,152
Township's Covered-Employee Payroll	\$ 1,413,054	\$ 1,259,846
Township's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	284.00%	372.20%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	42.74%	38.21%

\* Amounts presented for each fiscal year were determined as of June 30.

BOROUGH OF KEYPORT  
 SCHEDULE OF THE TOWNSHIP'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

	<u>2014</u>	<u>2015</u>
Contractually Required Contribution	\$ 169,179	\$ 176,699
Contribution in Relation to Contractually Required Contribution	<u>\$ (169,179)</u>	<u>\$ (176,699)</u>
Contribution deficiency (excess)	\$ -	\$ -
Township's Proportionate Share of the Payroll	\$ 1,413,054	\$ 1,259,846
Contributions as a percentage of Covered Employee Payroll	11.97%	14.03%

\* Amounts presented for each fiscal year were determined as of June 30.

## Schedule 3

BOROUGH OF KEYPORT  
 SCHEDULE OF THE TOWNSHIP'S SHARE OF THE NET PENSION LIABILITY  
POLICE AND FIREMEN RETIREMENT SYSTEM  
 (Non-State, Non-Special Funding Situation Employer Member Group)

	<u>2014</u>	<u>2015</u>
Proportion of the Non-State, Non-Special Funding Situation Employer Group Net Pension Liability attributable to the Township	0.057904%	0.050035%
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State, Non-Special Funding Situation Employer Group	\$7,283,766	\$8,334,053
Township's Covered-Employee Payroll	\$1,457,055	\$1,508,299
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State, Non-Special Funding Situation Employer Group as a percentage of the Township's Covered-Employee Payroll	499.90%	552.55%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	58.86%	52.84%

\* Amounts presented for each fiscal year were determined as of June 30.

Note: Percentages shown are Plan-wide, and include NPL and PFNP  
data that include employees of the State of New Jersey.

BOROUGH OF KEYPORT  
 SCHEDULE OF THE TOWNSHIP'S CONTRIBUTIONS  
POLICE AND FIREMEN RETIREMENT SYSTEM  
 (Non-State, Non-Special Funding Situation Employer Member Group)

Last 10 Fiscal Years\*

	<u>2014</u>	<u>2015</u>
Contractually Required Contribution	\$ 365,524	\$ 401,506
Contribution in Relation to Contractually Required Contribution	<u>\$ (365,524)</u>	<u>\$ (401,506)</u>
Contribution deficiency (excess)	\$ -	\$ -
Township's Proportionate Share of the Payroll	\$ 1,457,055	\$ 1,508,299
Contributions as a percentage of Covered Employee Payroll	25.09%	26.62%

\* Amounts presented for each fiscal year were determined as of June 30.

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

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION  
DECEMBER 31, 2015**

**NOTE 1. CHANGES IN ASSUMPTIONS**

Changes in Assumptions were applicable for current year.

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

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**PART III**  
**SINGLE AUDIT SECTION**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
HIGHLAND PARK, NJ 08904  
(732) 393-1000  
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ANDREW G. HODULIK, CPA, RMA, PSA  
ROBERT S. MORRISON, CPA, RMA, PSA

MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
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, 2015, 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 September 26, 2016. 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  
September 26, 2016



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM; REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

**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 Compliance Supplement" 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, 2015. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards, and Uniform Guidance 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, 2015.

#### 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 Uniform Guidance, 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.  
Certified Public Accountants  
Registered Municipal Accountants  
Public School Accountants

Highland Park, New Jersey  
September 26, 2016

**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, 2015

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, 2015
<b>U.S. Department of Housing &amp; Urban Development:</b> Pass-through Monmouth County Health and Human Services CDBG - Improvements to Luppattatong Rd Phase II	14.218	2013	N/A	\$ 180,385.00	\$ 180,385.00	\$ 180,385.00	\$ 180,385.00
<b>U.S. Department of Homeland Security:</b> Pass-through State of NJ Office of Emergency Management: Assistance to Firefighters Grant	97.044	2014	N/A	11,400.00	11,400.00	11,400.00	11,400.00
<b>U.S. Department of Commerce:</b> Pass-through State of NJ Department of Environmental Protection: Coastal Zone Management Administration Award	11-419	2014	N/A	11,900.00	11,900.00	11,900.00	11,900.00
<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	3,687,334.00	2,906,212.00	6,052,112.00
<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	1/1/15-12/31/15	46-4275-100-262-12	36,000.00	36,000.00	78,762.57	78,762.57
<b>U.S. Department of Transportation:</b> Pass-through State Department of Law & Public Safety: National Priority Safety Program-Click or Ticket National Priority Safety Program-Drive Sober or Get Pulled Over	20.616 20.616	1/1/15-12/31/15 1/1/15-12/31/15	066-1160-100-157 066-1160-100-157	4,000.00 5,000.00	4,000.00 5,000.00	4,000.00 4,100.00	4,000.00 4,100.00
				<u>\$ 7,638,300.00</u>	<u>\$ 3,755,634.00</u>	<u>\$ 3,196,759.57</u>	<u>\$ 6,162,274.57</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, 2015 - 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, 2015**

**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 OMB Uniform Guidance?                                    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: \$750,000.00

Auditee qualified as low-risk auditee?     X     Yes            No

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(continued)**

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

**State Awards– Not Applicable – expenditures below \$750,000**

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 15-08? \_\_\_\_\_ Yes \_\_\_\_\_ No

Identification of major programs:

<u>State Account Number(s)</u>	<u>Name of State Program or Cluster</u>
_____	_____
_____	_____
_____	_____

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(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 Uniform Guidance and NJ OMB Circular 15-08.

**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, 2015**

*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 IV**  
**SUPPLEMENTARY SCHEDULES**

**Current Fund**

**CURRENT FUND  
SCHEDULE OF CASH**

	<u>Ref.</u>	<u>CURRENT FUND</u>
Cash Balance December 31, 2014.....	A	\$ 980,566.44
Increased by Cash Receipts		
Miscellaneous Anticipated Revenue.....	A-2, A-8	\$ 2,159,237.51
Miscellaneous Revenue Not Anticipated.....	A-2, A-8	40,873.01
Taxes Receivable.....	A-7	17,333,766.05
Tax Overpayments.....	A-12	250.00
Due NJ Sr Citizens and Veterans Deductions.....	A-6	44,750.00
Interfund Loans Advanced.....	A-10	113,860.14
Various Accounts Payable & Reserves.....	A-14	121,262.85
Petty Cash Returned.....	A-5	800.00
Emergency Notes Issued	A-15	<u>105,600.00</u>
Total Cash Receipts.....		19,920,399.56
Decreased by Disbursements		20,900,966.00
Budget Appropriations.....	A-3	(7,379,586.45)
Refund of Prior Year Revenue	A-1	(25.00)
Appropriation Reserves.....	A-11	(215,592.25)
Tax Overpayments.....	A-12	
Taxes Payable.....	A-13	(11,265,895.33)
Interfunds Loans Advanced/Returned.....	A-10	(187,819.70)
Various Accounts Payable & Reserves.....	A-14	(168,964.91)
Petty Cash/Change Funds Advanced.....	A-5	(1,100.00)
Emergency Notes Issued	A-15	<u>(141,400.00)</u>
Total Cash Disbursements.....		(19,360,383.64)
Cash Balance December 31, 2015.....	A	<u>\$ 1,535,732.43</u>

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

	Balance December 31, 2014	Advanced	Returned	Balance December 31, 2015
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
Municipal Court.....		300.00		300.00
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>\$ 325.00</b>	<b>\$ 1,100.00</b>	<b>\$ 800.00</b>	<b>\$ 625.00</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, 2014	A	\$	1,889.20
Increased by:			
Allowable Deductions per			
Tax Billings	A- 7	46,250.00	
Senior Citizen Deduction			
Allowed by Collector	A- 7	1,250.00	
Veteran Deduction		500.00	
Allowed by Collector	A-4		
			<u>48,000.00</u>
			49,889.20
Decreased by:			
Collected	A- 4	44,750.00	
Sr. Citizen Ded. Disallowed by Collector	A- 1	<u>1,750.00</u>	
			<u>46,500.00</u>
<b>Balance - December 31, 2015</b>	<b>A</b>	<b>\$</b>	<b><u><u>3,389.20</u></u></b>
Analysis of Sr. Citizens & Veterans			
<u>Deductions Allowed - 2015 Taxes</u>			
Per Tax Billings	A- 7	\$	48,000.00
Allowed (Disallowed) by Tax Collector (Net)	A- 7		<u>500.00</u>
<b>Total</b>	<b>A-7</b>	<b>\$</b>	<b><u><u>47,500.00</u></u></b>

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

	Ref.	Total	Prepaid	Current Year	Prior Years Delinquent	Arrears	Tax Liens	Property Acquired for Taxes
Balance 12/31/2014.....	A	\$ 783,266.26	\$ -94,786.63	\$	\$ 623,148.29	\$	\$ 157,804.60	\$ 97,100.00
Billings / Levy:								
Tax Levy.....	Res	17,377,147.13		17,377,147.13				
Added/Remitted/Canceled Taxes.....	Res	11,812.30		10,562.30	1,250.00			
Transfers								
Tax Lien.....	Res			-13,573.82			13,573.82	
Revenue								
Sr.Citizens & Vets.....								
Original Levy.....	A-6	-47,500.00		-47,500.00				
Cash Receipts.....	A-4	-17,333,766.05	-138,164.00	-16,571,203.81	-624,398.24			
Transfers.....	A-12		94,786.63	-94,786.63				
Prepaid Applied.....	A-7							
Balance 12/31/2015.....	A	\$ 790,959.64	\$ -138,164.00	\$ 660,645.17	\$	\$	\$ 171,378.42	\$ 97,100.00
<b>Analysis of 2014 Property Tax Levy:</b>								
Tax Yield:	Ref.		A	A, A-7			A	A
General Purpose Tax.....		\$ 17,243,805.41	Local School District Tax	Ref.			Ref.	
Special District Taxes.....		118,431.16	County Tax	A-13	\$	9,058,886.00	A-7	\$ 47,500.00
Added Taxes.....		14,910.56	County Open Space	A-13	1,787,695.07	Cash Receipts	A-7	16,371,203.81
			County Health	A-13	98,492.12	Prepayments	A-7	94,786.63
			Due County - Added & Omitted	A-13	35,365.99			
			Municipal Open Space Tax	A-13	1,630.87	Subtotal	A-1	16,713,490.44
			Business Improvement District	A-13	166,137.61	Res. For Uncoll. Tax	A-3	677,170.32
					118,000.00			17,390,660.76
Total		\$ 17,377,147.13						
			Local Tax for Municipal Purposes	A-2	11,266,207.66			
			Add: Additional Tax Levied		6,093,713.98	Taxes Payable	A-13	-11,266,207.66
			Total		17,225.49	Total	A-2	\$ 6,124,453.10
					\$ 17,377,147.13			

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

	12/31/14	Accrued/ Adjustments	Cash Receipts	12/31/15
<b>Revenue Accounts Receivable:</b>				
Licenses:				
Alcoholic Beverages		\$ 33,016.63	\$ 33,016.63	
Other		6,779.00	6,779.00	
Fees and Permits		263,576.90	263,576.90	
Construction Code Fees	\$ 12,042.00	167,033.00	167,458.00	11,617.00
Other				
Fines and Costs - Municipal Court		197,965.66	183,165.65	14,800.01
Interest and Costs on Taxes		132,282.05	132,282.05	
Cable Television Fees		106,046.48	106,046.48	
Payment in Lieu of Taxes:				
Senior Citizen Housing		316,503.00	316,503.00	
Bethany Manor Annex		84,402.00	84,402.00	
Consolidated Municipal Property Tax Relief Aid		77,419.00	77,419.00	
Energy Receipts Tax		637,054.00	637,054.00	
Interlocal Board of Health (Union Beach)		5,000.00	5,000.00	
Uniform Fire Safety Act	1,400.00	70,854.96	71,084.96	1,170.00
Reserve for Drainage Imprbvements - General Capital		11,496.00	11,496.00	
General Capital Fund Balance		14,400.00	14,400.00	
Reserve for Infrastructure - General Capital		19,553.84	19,553.84	
Reserve for Debt Service - General Capital		30,000.00	30,000.00	
	<b>13,442.00</b>	<b>2,173,382.52</b>	<b>2,159,237.51</b>	<b>27,587.01</b>
<b>Analysis of Miscellaneous Revenues:</b>				
	<u>Ref.</u>	A	Reserve	A
Current Year Collections	A-2, A-4		<u>2,159,237.51</u>	
Subtotal	A-2, A-4		2,159,237.51	
Grants Realized - Grant Fund	A-16		<u>129,703.74</u>	
<b>Total Miscellaneous Revenues Realized</b>	<b>A-2</b>		<b><u>\$ 2,288,941.25</u></b>	



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

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Miscellaneous Revenues Not Anticipated:

Photocopies	\$ 19.05
Tire Recycling	10.00
Scrap Metal Recycling	1,078.40
Post Office Land Rent	1,650.00
NSF Charges	320.00
Miscellaneous	9,473.56
Matawan - Mechanic Costs	1,980.00
Sale of Surplus Vehicle	500.00
Liquor License Application Fees	750.00
Senior Citizen & Veteran Administrative Fee	895.00
Board of Health	2,650.00
Miscellaneous UCC	11,229.00
Fire Arms Report	438.00
CBS Outdoor Billboard Lease	9,000.00
County DWI Reimbursement	880.00
	<hr/>

<b><u>Ref.</u></b>	<b>A-1, A-2, A-4</b>	<b><u>\$ 40,873.01</u></b>
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**SCHEDULE OF DEFERRED CHARGES**

<u>DESCRIPTION</u>	<u>Date Authorized</u>	<u>BALANCE DEC. 31, 2014</u>	<u>AMOUNT RESULTING IN 2015</u>	<u>RAISED IN 2015 BUDGET</u>	<u>BALANCE DEC. 31, 2015</u>
Special Emergency Authorizations					
Revision of Master Plan	2012	-		1,800.00	\$ -
Revaluation of Real Property	2013	5,400.00 136,000.00		34,000.00	3,600.00 102,000.00
		<u>\$ 141,400.00</u>	<u>\$ -</u>	<u>\$ 35,800.00</u>	<u>\$ 105,600.00</u>
<u>Ref.</u>	A			A-3	A

**CURRENT FUND  
SCHEDULE OF INTERFUNDS**

	12/31/14	Cash Receipts	Cash Disbursements	Budget Revenues	Budget Appropriations	Adjustments	12/31/15
<b>Interfunds</b>							
General Capital Fund.....	\$ -					\$ -	
Water and Sewer Operating Fund.....	-						
Payroll Fund.....	(614.24)						(614.24)
Grant Fund.....	184,789.52	113,860.14	(187,798.02)	(129,703.74)	193,933.24	(11,251.15)	163,829.99
Animal Control Fund.....	-						
Trust - Other Fund.....	282.60		(21.68)				260.92
<b>Total.....</b>	<b>\$ 172,911.88</b>	<b>\$ 113,860.14</b>	<b>\$ (187,819.70)</b>	<b>\$ (129,703.74)</b>	<b>\$ 193,933.24</b>	<b>\$ (11,251.15)</b>	<b>\$ 163,476.67</b>
<b>Ref.</b>	<b>A</b>	<b>A-4</b>	<b>A-4</b>	<b>A-2</b>	<b>A-3</b>	<b>A-1</b>	<b>A</b>
Receivables	\$ (614.24)					\$ (614.24)	
Payables	173,526.12					164,090.91	
	<u>\$ 172,911.88</u>					<u>\$ 163,476.67</u>	

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DEC. 31, 2014	AMOUNT AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Operations Within "CAPS"				
Salaries and Wages:	\$	\$	\$	\$
Administrative and Executive	4,543.61	4,543.61		4,543.61
Mayor and Council	666.88	666.88		666.88
Municipal Clerk	12,362.11	12,362.11		12,362.11
Financial Administration	67.19	67.19		67.19
Collection of Taxes	50.83	50.83		50.83
Assessment of Taxes	11.12	11.12		11.12
Planning/Zoning Board	38.62	38.62		38.62
Property Maintenance Code	102.52	102.52		102.52
Police Department	56,204.94	56,204.94		56,204.94
Fire Department	1,000.00	1,000.00		1,000.00
Uniform Fire Safety Act	10,632.83	10,632.83		10,632.83
Municipal Prosecutor				
Municipal Court				
Public Defender				
Road Repairs and Maintenance	17,693.59	17,693.59		17,693.59
Garbage and Trash Removal	1,633.26	1,633.26		1,633.26
Blood Borne Pathogens - Hepatitis B	20.76	20.76		20.76
Board of Health	49.10	49.10		49.10
Recreation	3,968.60	3,968.60		3,968.60
Senior Citizen Community Center	2,051.27	2,051.27		2,051.27
State Uniform Construction Code Officials	2,957.83	2,957.83		2,957.83
Total Salaries and Wages - Within "CAPS"	114,055.06	114,055.06		114,055.06
Other Expenses:				
Administrative and Executive	2,201.63	2,201.63	611.54	1,590.09
Mayor and Council	801.00	801.00	351.99	449.01
Municipal Clerk	12,818.15	12,818.15	3,089.43	9,728.72
Revision & Codification of Ordinance	2,500.00	2,500.00		2,500.00
Financial Administration	3,171.11	3,171.11	1,468.82	1,702.29

SCHEDULE OF 2014 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2014</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	1,695.09	1,695.09	1,134.96	560.13
Assessment of Taxes	1,044.84	1,044.84	735.68	309.16
Revision of Tax Map				
Reassessment of Real Property				
Legal Services	19,876.76	34,876.76	33,012.73	1,864.03
Environmental Commission	161.20	161.20		161.20
Engineering Services	4,755.70	9,755.70	3,245.77	6,509.93
Keyport Historical Contracted				
Planning/Zoning Board	872.64	872.64		872.64
Revision of Master Plan	100.00	100.00		100.00
Property Maintenance Code				
Liability Insurance	15,543.35	15,543.35		15,543.35
Workmen's Compensation	7,830.88	7,830.88		7,830.88
Employee Group Insurance	36,772.11	12,772.11	150.00	12,622.11
Health Benefit Waiver	864.66	864.66		864.66
Police Department	20,823.76	20,823.76	19,256.63	1,567.13
Police Clothing Allowance	8,401.64	8,401.64	1,974.94	6,426.70
Acquisition of Vehicle	2,784.83	2,784.83		2,784.83
Acquisition of Firearms				
Police Auxiliary	5,000.00	5,000.00		5,000.00
Emergency Management Service	177.36	177.36		177.36
Aid to Volunteer Fire Companies	2,660.00	2,660.00	2,160.00	500.00
First Aid Contributions	456.16	456.16	456.16	
Fire Department	36,931.20	36,931.20	30,097.31	6,833.89
Uniform Fire Safety Act	6,129.54	6,129.54	4,350.57	1,778.97
Municipal Court				
Public Defender				
Road Repairs and Maintenance	13,239.77	13,239.77	9,257.18	3,982.59
Garbage and Trash Removal	2,992.05	2,992.05	900.00	2,092.05
Garbage and Trash Removal - Contracted (40A:4-85)	39,666.65	39,666.65	17,625.00	22,041.65
Public Buildings and Grounds	14,782.66	14,782.66	4,766.75	10,015.91
Blood Borne Pathogens - Hepatitis B	957.00	957.00		957.00

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DEC. 31, 2014	AMOUNT AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Board of Health	608.38	608.38	534.50	73.88
Bayshore Youth Services Bureau	500.00	500.00	500.00	
Recreation	1,057.70	1,057.70	850.00	207.70
Senior Citizen Community Center	1,577.73	1,577.73	757.90	819.83
Senior Citizen Transportation Contracted	1,348.00	1,348.00	936.00	412.00
Parks and Playgrounds	4,293.50	4,293.50		4,293.50
Celebration of Public Events	1,250.00	1,250.00		1,250.00
Postage	624.96	624.96	281.96	343.00
State Uniform Construction Code Officials	5,982.41	5,982.41	5,010.30	972.11
Fuel for Motor Vehicles	8,760.38	8,760.38	4,470.39	4,289.99
Telephone	4,036.72	4,036.72	1,139.30	2,897.42
Street Lighting	20,012.71	20,012.71	12,646.43	7,366.28
Fuel Oil	1,580.60	1,580.60	1,341.73	238.87
Natural Gas	6,574.66	10,574.66	9,995.97	578.69
Electricity	6,317.29	6,317.29	3,278.73	3,038.56
Landfill Disposal Costs	32,916.60	32,916.60	18,619.42	14,297.18
Contingent	500.00	500.00		500.00
Contribution to Social Security Systems (O.A.S.I.)	11,906.07	11,906.07		11,906.07
Public Employee's Retirement System	394.21	394.21		394.21
Deferred Comp. Retirement System of NJ	517.61	517.61	409.26	108.35
Police & Fire Retirement System	833.85	833.85		833.85
Total Other Expenses - Within "CAPS"	377,605.12	377,605.12	195,417.35	182,187.77
Total Appropriation Reserves - Within "CAPS"	491,660.18	491,660.18	195,417.35	296,242.83
Operations Excluded from "CAPS"				
Other Expenses:				
Maintenance of Free Public Library (P.L. 1985, Ch 541)	1,914.10	1,914.10	1,914.00	0.10
911 Services (County of Monmouth)	302.92	302.92		302.92
Recycling (Hazlet)	4,500.00	4,500.00		4,500.00
Municipal Court	272.86	272.86		272.86
Acquisition of Firefighter Turnout Gear	20,000.00	20,000.00	18,260.90	1,739.10

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DEC. 31, 2014	AMOUNT AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Total Other Expenses Excluded from "CAPS"	<u>26,989.88</u>	<u>26,989.88</u>	<u>20,174.90</u>	<u>6,814.98</u>
Total Appropriation Reserves - Excluded from "CAPS"	<u>26,989.88</u>	<u>26,989.88</u>	<u>20,174.90</u>	<u>6,814.98</u>
Total Appropriation Reserves	<u>\$ 518,650.06 \$</u>	<u>518,650.06 \$</u>	<u>215,592.25 \$</u>	<u>303,057.81</u>
	Ref. A	A	A-4	A-1
2014 Appropriation Reserves	\$ 390,516.89			
Reserve for Encumbrances	<u>128,133.17</u>			
Total	<u>\$ 518,650.06</u>			

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

	<u>Ref.</u>	
Balance - December 31, 2014.....	A	\$ -
Increased By:		
Overpayments Received	A-4	<u>250.00</u>
<b>Balance - December 31, 2015.....</b>	<b>A</b>	<b><u>\$ 250.00</u></b>



**CURRENT FUND  
SCHEDULE OF TAXES PAYABLE**

	12/31/14	Taxes Levied	Cash Disbursements	Adjustments	12/31/15
County Taxes Payable.....		\$ 1,921,553.18	\$ (1,921,553.18)		
County - Added and Omitted.....	1,318.54	1,630.87	-1,318.54		\$ 1,630.87
Municipal Open Space Tax Payable.....		166,137.61	-166,137.61		
Local School District Taxes.....		9,058,886.00	-9,058,886.00		
Business Improvement District Taxes.....		118,000.00	-118,000.00		
<b>Total.....</b>	<b>\$ 1,318.54</b>	<b>\$ 11,266,207.66</b>	<b>\$ (11,265,895.33)</b>	<b>\$ -</b>	<b>\$ 1,630.87</b>
<u>Ref.</u>	A	A-1, A-7	A-4		A

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

	12/31/14	Transfer from/(to) Budget	Cash Receipts	Cash Disbursements	Adjustments	12/31/15
Accounts Payable:						
Vendor Accounts Payable.....	\$ 33,068.02				33,068.02	\$ -
Subtotal	33,068.02	-	-	-	33,068.02	-
Reserve for:						
Senior Programs.....	2,665.13		46,262.85	42,292.69		6,635.29
Reserve for Tax Appeals.....			75,000.00	126,672.22	126,672.22	75,000.00
Subtotal	2,665.13	-	121,262.85	84,379.53	126,672.22	81,635.29
Total.....	\$ 317,907.99	-	\$ 121,262.85	\$ 84,379.53	\$ 159,740.24	\$ 81,635.29
Ref.	A		A-4	A-4	A-1	A

SCHEDULE OF SPECIAL EMERGENCY/EMERGENCY NOTES PAYABLE

	ORIGINAL DATE ISSUED	DATE OF ISSUE	MATURITY DATE	INTEREST RATE	BALANCE DEC. 31, 2013	INCREASE	DECREASE	BALANCE DEC. 31, 2014
Special Emergency Note Payable								
Reassessment of Real Property	2012	2015	2016	0.00%	\$ 5,400.00	\$	-1,800.00	\$ 3,600.00
Revision of Master Plan	2013	2015	2016	0.00%	136,000.00		-34,000.00	102,000.00
Revaluation of Real Property								
<b>Total</b>					<u>\$ 141,400.00</u>	<u>\$ 0.00</u>	<u>\$ -35,800.00</u>	<u>\$ 105,600.00</u>
Ref.					A		A-4	A

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

Exhibit - A-16

<u>GRANT</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>2015 BUDGET</u> <u>REVENUE</u> <u>REALIZED</u>	<u>RECEIVED</u> <u>2015</u>	<u>UNAPPROPRIATED</u> <u>REALIZED</u>	<u>CANCELLED</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>
Municipal Drug Alliance Grant	\$ 30,918.01	\$ 34,278.00	\$ 32,598.00	\$	\$	\$ 32,598.01
Office on Aging	36,000.00	36,000.00	36,000.00			36,000.00
Recycling Tonage Grant		5,291.60		5,291.60		
NJ Body Armor Replacement Grant		1,765.27		1,765.27		
Hurricane Sandy National Emergency Grant	9,704.33				9,704.33	
Clean Communities		15,123.83	15,123.83			
Alcohol Education and Rehabilitation		2,245.04		2,245.04		
NJ DCA Post Sandy Planning Assistance Grant	3,089.50				3,089.50	
Monmouth Cty Open Space - Veterans Park	101,000.00					101,000.00
DWI Saturation Patrol Grant	12,800.00	10,000.00				22,800.00
NJ DEP - Coastal Zone Mgmt		10,000.00				10,000.00
NJ DEP Public Access Plan Development	11,900.00		11,900.00			
Monmouth County Recycling Stimulus		6,000.00	6,000.00			
Drive Sober or Get Pulled Over		5,000.00	4,800.00			200.00
NJ DLP&S - Click It or Ticket		4,000.00	4,000.00			
<b>Total</b>	<b>\$ 205,411.84</b>	<b>\$ 129,703.74</b>	<b>\$ 110,421.83</b>	<b>\$ 9,301.91</b>	<b>\$ 12,793.83</b>	<b>\$ 202,598.01</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, 2014 - Due From	A	\$	184,789.52
Increased By:			
2015 Budget Appropriations	A-18	193,933.24	
Cash Collections	A-16	<u>113,860.14</u>	
			307,793.38
Decreased By:			
2015 Budget Revenues	A-18	129,703.74	
Grants Canceled - Net	A-16,A-18	11,251.15	
Cash Disbursements	A-18	<u>187,798.02</u>	
			<u>328,752.91</u>
<b>Balance December 31, 2015 - Due From</b>	A	<b>\$</b>	<b><u><u>163,829.99</u></u></b>

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

GRANT/AID PROGRAM	BALANCE DEC. 31, 2014	ENC. DEC. 31, 2014	TRANSFERRED FROM 2015 BUDGET	PAID OR CHARGED	ENC. DEC. 31, 2015	ADJUSTMENTS / CANCELLED	BALANCE DEC. 31, 2015
Alcohol Education and Rehabilitation	\$ 5,549.66	\$	\$ 2,245.04	\$	\$ 570.55	\$	7,224.15
Municipal Drug Alliance	26,973.93	2,214.67	42,847.50	44,048.44			27,987.66
Monmouth County Open Space - Veterans Park	101,000.00						101,000.00
Drunk Driving Enforcement Fund	18,305.33			2,372.70	169.00		15,763.63
Recycling Tonnage Grant	17,966.74	488.49	5,291.60	5,743.52	3,842.00		14,161.31
Clean Communities Program	10,486.25	2,361.65	15,123.83	17,572.59	1,820.00		8,579.14
Office on Aging	15,971.73	1,528.65	91,660.00	78,762.57	1,733.22	16,046.73	12,617.86
Body Armor Replacement Grant	3,298.44	1,792.70	1,765.27	1,792.70		4,908.75	5,063.71
Hurricane Sandy National Emergency Grant	4,908.75			4,328.75			135,574.21
NJ DEP Hazardous Discharge Site Remediation	139,902.96		10,000.00			3,089.50	11,760.00
DWI Saturation Patrol	1,760.00						
NJ DCA Post Sandy Planning Assistance Grant	3,089.50			11,900.00			
NJ DEP-Municipal Public Access Plan Development	11,900.00			11,400.00			
FEMA - CY 2013 Assistance to Firefighters		11,400.00	10,000.00	1,776.75	8,223.25		
NJ DEP - Coastal Zone Mgmt.			5,000.00	4,100.00			900.00
Drive Sober or Get Pulled Over			6,000.00				6,000.00
Monmouth County Recycling Stimulus							
NJ DLP&S - Click It or Ticket			4,000.00	4,000.00			
<b>Total</b>	<b>\$ 361,113.29</b>	<b>\$ 19,786.16</b>	<b>\$ 193,933.24</b>	<b>\$ 187,798.02</b>	<b>\$ 16,358.02</b>	<b>\$ 24,044.98</b>	<b>\$ 346,631.67</b>
Ref.	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>	<u>BALANCE DEC. 31, 2014</u>	<u>RECEIPTS</u>	<u>APPLIED TO STATE &amp; FED GRANTS RECEIVABLE</u>	<u>BALANCE DEC. 31, 2015</u>
Recycling Tonnage Grant	\$2,245.04	\$1,591.20	\$2,245.04	\$1,591.20
Body Armor Replacement Grant	5,291.60	1,847.11	5,291.60	1,847.11
Alcohol Education and Rehabilitation	1,765.27		1,765.27	
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b><u>\$9,301.91</u></b>	<b><u>\$3,438.31</u></b>	<b><u>\$9,301.91</u></b>	<b><u>\$3,438.31</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, 2014	B	\$ 7,919.68	\$ 795,070.71	\$ 38,487.88
Increased by Receipts:				
Animal Control Fees	B-2	\$ 2,998.00		
Budget Appropriation	B-2	13,000.00		
Interfunds	B-4		21.68	
Receipts of Various Trust Fund				
Deposits & Reserves	B-5			
Tax Levy	B-6		475,769.56	166,137.61
Interest on Deposits/Miscellaneous	B-6			
State Fees	B-3	665.40	1,360.00	
		<u>16,663.40</u>	<u>477,151.24</u>	<u>166,137.61</u>
Decreased by Disbursements:				
Expenditures for Animal Control	B-2			
Expenditures for Open Space	B-6	17,742.96		
Due to the State of New Jersey	B, B-3	665.40	1,280.00	150,259.15
Accounts Receivable - Police Off Duty	B		35,325.00	
Disbursements of Various Trust Fund				
Deposits & Reserves	B-5		630,257.70	
		<u>18,408.36</u>	<u>666,862.70</u>	<u>150,259.15</u>
<b>Balance - December 31, 2015</b>		<b>\$ 6,174.72</b>	<b>\$ 605,359.25</b>	<b>\$ 54,366.34</b>

## Exhibit - B-2

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

	<u>Ref.</u>		
Balance December 31, 2014	B	\$	7,919.68
Increased by:			
Dog and Cat Licenses	B-1	2,998.00	
Budget Appropriation	B-1	<u>13,000.00</u>	
			<u>15,998.00</u>
			23,917.68
Decreased by:			
Expenditures	B-1	<u>17,742.96</u>	
<b>Balance December 31, 2015</b>	<b>B</b>	<b><u>\$</u></b>	<b><u>6,174.72</u></b>

## Exhibit - B-3

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

	<u>Ref.</u>		
Balance December 31, 2014	B	\$	-
Increased by:			
State Fees Collected	B-1	<u>665.40</u>	
			665.40
Decreased by:			
Payments to State of New Jersey	B-1	<u>665.40</u>	
<b>Balance December 31, 2015</b>	<b>B</b>	<b><u>\$</u></b>	<b><u>-</u></b>

**OTHER TRUST FUNDS**  
**DUE CURRENT FUND**

Ref.

Balance December 31, 2014  
 ( Due from )

B

\$ 282.60

Decreased by:  
     Cash Receipts

B-1

21.68

**Balance December 31, 2015**  
**( Due from )**

**B**

**\$ 260.92**

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

	Balance December 31, 2014	Cash		Balance December 31, 2015
		Receipts	Disbursements	
Cellular Tower Lease	\$ 6,267.02	\$	\$	6,267.02
Premium on Tax Sale	315,500.00	28,200.00	(209,200.00)	134,500.00
Welcome Center	100.00			100.00
Cash Repair Deposits	44,215.00	762.00		44,977.00
POAA	2,961.52	946.00		3,907.52
Public Defender Fees	10,610.75	3,440.00	(2,600.00)	11,450.75
Municipal Drug Alliance	3,699.92		(200.00)	3,499.92
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	238,393.49	107,627.54	(73,314.71)	272,706.32
Bayfront Improvements	44,793.05	52,122.52	(55,063.93)	41,851.64
Recreation Commission	61,315.33	29,115.55	(15,782.38)	74,648.50
Unemployment	13,154.26	40,647.23	(45,493.85)	8,307.64
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	20,176.59	212,908.72	(228,602.83)	4,482.48
<b>Total</b>	<b>\$ 795,128.31</b>	<b>\$ 475,769.56</b>	<b>\$ (630,257.70)</b>	<b>\$ 640,640.17</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, 2014	B		\$ 38,487.88
Increased by:			
CY 2015 Tax Levy	B-1	165,997.00	
CY 2015 Added & Omitted	B-1	<u>140.61</u>	
			<u>166,137.61</u>
			204,625.49
Decreased by:			
Cash Disbursement	B-1	<u>150,259.15</u>	
			<u>150,259.15</u>
<b>Balance December 31, 2015</b>	<b>B</b>		<b><u>\$ 54,366.34</u></b>

**General Capital Fund**

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

	<u>REF.</u>		
Balance - December 31, 2014	C	\$	4,572,646.00
Increased by Receipts:			
Premium Received on Sale of Bonds/			
Bond Anticipation Notes	C-1	5,536.00	
Grants, Loans & Other Receivables	C-4	367,885.00	
Budget Appropriations - Deferred Charges	C-6	607,300.00	
Various Reserves	C-12	96,856.46	
Proceeds from Sale of Bond Anticip. Notes	C-10	2,240,800.00	
			<hr/>
			3,318,377.46
			<hr/>
			7,891,023.46
Decreased by Disbursements:			
Improvement Authorizations	C-8	1,188,364.49	
Anticipated as Current Revenue	C-1	14,400.00	
Various Reserves	C-12	591,049.84	
Redemption of Bond Anticip. Notes	C-10	4,928,100.00	
			<hr/>
			6,721,914.33
			<hr/>
<b>Balance - December 31, 2015</b>	<b>C, C-3</b>	<b>\$</b>	<b><u><u>1,169,109.13</u></u></b>
 <u>Analysis of Balance - December 31, 2015</u>			
Cash & Investments	C	\$	1,063,509.13
Investment in Special Emergency Note	C		105,600.00
			<hr/>
<b>Balance - December 31, 2015</b>		<b>\$</b>	<b><u><u>1,169,109.13</u></u></b>

GENERAL CAPITAL FUNDANALYSIS OF CASH AND INVESTMENTS

	<u>Ref.</u>	<u>BALANCE DECEMBER 31, 2015</u>
Fund Balance	C-1	\$ 6,075.04
State & Federal Grants Receivable		(1,210,000.00)
Improvement Authorizations Funded		372,143.06
Improvement Authorizations Expended		(42,493.26)
Unexpended BAN Cash		625,955.85
Resrve for Encumbrances		380,250.50
Reserve for:		
Capital Improvement Fund		94,760.69
Various Reserves		269,917.25
DEP Grant Receivable		672,500.00
		<hr/>
<b>Total</b>	<b>C, C-2</b>	<b>\$ <u><u>1,169,109.13</u></u></b>
Cash	C	\$ 1,063,509.13
Investment in Emergency Notes	C	<u>105,600.00</u>
<b>Total</b>		<b>\$ <u><u>1,169,109.13</u></u></b>



**SCHEDULE OF VARIOUS GRANTS, LOANS AND OTHER RECEIVABLES**

	<u>Ordinance Number</u>	<u>Balance December 31, 2014</u>	<u>Balance December 31, 2015</u>
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	62,500.00
Subtotal		<u>300,000.00</u>	<u>112,500.00</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	
Subtotal		<u>180,385.00</u>	
<b>Total</b>		<b>\$ <u>1,577,885.00</u></b>	<b>\$ <u>1,210,000.00</u></b>

Ref.

C

C

## SCHEDULE OF DEFERRED CHARGES - FUNDED

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ 8,287,551.23
Increased by:		
Bonds/Loans Issued		<hr/>
		8,287,551.23
Decreased by:		
Serial Bonds From Budget Appropriation	C-9	675,000.00
Loans From Budget Appropriation		<hr/> 34,552.28
		<hr/> 709,552.28
<b>Balance - December 31, 2015</b>	<b>C</b>	<b><u><u>\$ 7,577,998.95</u></u></b>

## SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ANALYSIS OF BALANCE  
\_DECEMBER 31, 2015

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2014	2015 FUNDING	BALANCE DEC. 31, 2015	BOND ANTICIPATION NOTES	EXPENDED	UNEXPENDED BALANCE IMPROV. AUTHOR.
<b>General Improvements:</b>							
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	726,600.00	1,300.00	725,300.00	14,800.00	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	527,000.00	46,000.00	481,000.00	481,000.00		
08-05	Reconstruction of Third Street	73.00		73.00			73.00
25-05, 04-06	Replacement of Borough Hall Roof						
07-07	Improvements to Cedar Street						
09-08	Beers Street Improvement						
23-08	Waterfront Park and Related Improvements	755,656.23	30,000.00	725,656.23	705,000.00		20,656.23
25-08	Various Capital Improvements	40,000.00		40,000.00			40,000.00
2-09	Various Capital Improvements - Beers II, Maple Pl, 35/36 Jug	25,000.00		25,000.00			25,000.00
11-10	Improvements to Beers Street - Phase III						
08-11	Var. Improvements						
09-11	Various Roadway Improvements	100,900.00		100,900.00			100,900.00
08-12	Osborn Street Improvements	356,800.00		356,800.00		3,925.72	352,874.28
01-13	Improv. And Reapirs Waterfront	1,330,000.00	530,000.00	800,000.00	470,000.00		330,000.00
06-13	Improvements Luppataong Ave Area						
08-13	Improvements Elizabeth Avenue	190,000.00		190,000.00	190,000.00		
11-13	Acquisition of Var. Equip. and Vehicle	380,000.00		380,000.00	380,000.00		
08-14	Acquis. Of Var. Capital Equip. and Vehicles						
<b>Total</b>		<b>\$ 4,626,389.23</b>	<b>\$ 607,300.00</b>	<b>\$ 4,019,089.23</b>	<b>\$ 2,240,800.00</b>	<b>\$ 42,493.26</b>	<b>\$ 1,735,795.97</b>
	Ref.	C	C-2	C			
ORD # 22-05							130,594.87
ORD # 23-08, 09-09							25,458.25
ORD # 01-13							260,678.32
ORD # 11-13							91,103.96
ORD # 08-14							118,120.45
<b>Total Unexpended Improvement Authorizations</b>							<b>\$ 2,361,751.82</b>

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

	BALANCE DEC. 31, 2014	CY 2015 ENCUMBRANCES	TRANSFERRED TO IMPROV. AUHTORIZATIONS	BALANCE DEC. 31, 2015
Reserve for Encumbrances	\$ 759,591.64	\$ 380,250.50	\$ 759,591.64	\$ 380,250.50
<b>Total</b>	<b>\$ 759,591.64</b>	<b>\$ 380,250.50</b>	<b>\$ 759,591.64</b>	<b>\$ 380,250.50</b>

Ref.

C

C-8

C-8

C

## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS - GENERAL CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	2015 AUTHORIZATIONS					RES FOR ENCUM. 2014	PAID OR CHARGED	RES FOR ENCUM. 2015	BALANCE - DEC. 31, 2015			
				BALANCE - DEC. 31, 2014 FUNDED	UNFUNDED	DEFERRED UNFUNDED	OTHER FUNDING	RES FOR ENCUM. 2014				PAID OR CHARGED	RES FOR ENCUM. 2015	BALANCE - DEC. 31, 2015 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		
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							9,381.25		
28-03	Improvements to Benjamin 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			1,486.19	3,795.00			130,594.87		
08-05	Reconstruction of Third Street (CDBG \$176,173)	06/06/05	645,000.00			73.00				24,244.13			73.00		
27-05	Preliminary Planning for Redevelopment Projects	12/06/05	150,000.00												
09-06, 17-08	Reconstruction of Warren St & Colucco Place & Drainage Impls to Green Grove Ave.	05/16/06, 06/10/08													
18-08	Improvements to Cedar Street	07/15/08	525,000.00			9,155.76				32,755.87					
09-08	Improvements Beers Street	03/20/07	450,000.00			32,755.87			2,321.31						
23-08, 09-09	Waterfront Park and Related Improvements	09/16/08, 09/01/09	475,000.00			2,321.31		8,958.41	19,033.00	31,896.66			46,114.48		
25-08	Various Capital Improvements - Beers II	12/22/08	1,750,000.00			16,104.95		166.40	3,094.38	166.40			25,000.00		
02-09	Improvements to Beers Street - Phase III	06/23/09	325,000.00			40,000.00									
11-10	Improvements to Beers Street - Phase III	06/13/10	1,425,000.00			18,114.06									
8-11	Various Improvements- BT Bulkhead	04/12/11	330,000.00			8,886.40									
9-11	Various Roadway Improvements	04/12/11	900,000.00			99,921.88		4,790.68		4,790.68					
08-12	Osborn Street Improvements	06/26/12	900,000.00			39,244.56							100,900.00		
01-13	Improv. & Repair Waterfront	2013	1,400,000.00			312,092.65			76,411.71				352,874.28		
06-13	Improv. Luppatawong Ave. Area	2013	650,000.00			558,123.92			263,284.60				590,678.32		
08-13	Improv. Elizabeth Street	2013	350,000.00			578,248.15			308,391.45	216,573.50			88,836.45		
11-13	Acquis. Var. Equip. and Vehicles	2013	200,000.00			19,541.17		297,090.56	233,062.30	66,028.26			17,541.17		
08-14	Acquis. Var. Capital Equip. & Vehicles	2014	400,000.00			19,400.00			281,279.55				91,103.96		
						380,000.00							118,120.45		
Total				\$ 945,370.45	\$ 2,597,547.78	\$ 0.00	\$ 0.00	\$ 759,591.64	\$ 1,188,364.49	\$ 380,250.50	\$ 372,143.06	\$ 2,361,751.82			

SCHEDULE OF GENERAL SERIAL BONDS

ISSUE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2015		INTEREST RATE	BALANCE DEC. 31, 2014	DECREASE	BALANCE DEC. 31, 2015
			DATE	AMOUNT				
Various Improvements	8/4/11	\$ 3,000,000.00	8/1/2016-21	200,000.00	3.000%	2,400,000.00	200,000.00	2,200,000.00
			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	12/1/16	325,000.00	Var.	3,220,000.00	330,000.00	2,890,000.00
			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 Bonds	12/24/14	\$ 2,160,000.00				2,160,000.00	145,000.00	2,015,000.00
<b>Total</b>						<u>\$ 7,780,000.00</u>	<u>\$ 675,000.00</u>	<u>\$ 7,105,000.00</u>
			Ref			C	C-5	C

SCHEDULE OF BOND ANTICIPATION NOTES

ORD. NO.	IMPROVEMENT DESCRIPTION	ORIGINAL DATE ISSUED	DATE OF ISSUE	MATURITY DATE	INTEREST RATE	BALANCE DEC. 31, 2014	INCREASE	DECREASE	BALANCE DEC. 31, 2015
15-03	Construction of Public Works Complex	2/17/04	7/31/15	4/29/16	1.250%	16,100.00	14,800.00	16,100.00	14,800.00
14-04, 22-05	Waterfront Park/Bulkhead Improvements	8/11/05	7/31/15	4/29/16	1.250%	475,000.00	442,000.00	475,000.00	442,000.00
		8/10/06	7/31/15	4/29/16	1.250%	52,000.00	39,000.00	52,000.00	39,000.00
25-05/4-06	Borough Hall Roof					100,000.00		100,000.00	
09-08	Improvements Beers Street					236,000.00		236,000.00	
23-08	Waterfront Park and Related Improvements					735,000.00	705,000.00	735,000.00	705,000.00
25-08	Various Capital Improvements - Ambulance / PW Trucks					165,100.00		165,100.00	
02-09	Various Capital Improvements - Beers II,					507,000.00		507,000.00	
08-11	Various Capital Improvements					144,000.00		144,000.00	
09-11	Various Roadway Improvements					320,100.00		320,100.00	
11-10	Improvements to Beers Street Phase III					97,600.00		97,600.00	
08-12	Osborn Street Improvements					343,200.00		343,200.00	
01-13	Hurricane Sandy -Improv. & Repair Waterfront	8/2/13	7/31/15	4/29/16	1.250%	1,000,000.00	470,000.00	1,000,000.00	470,000.00
06-13	Road Improv. Luppataatong Ave. Area					447,000.00		447,000.00	
08-13	Improv. To Elizabeth Street					100,000.00		100,000.00	
11-14	Acquis. Of Var. Capital Equip. and Vehicles	8/1/14	7/31/15	4/29/16	1.250%	190,000.00	190,000.00	190,000.00	190,000.00
08-14	Acquis. Of Var. Equip. and Vehicles	7/31/15	7/31/15	4/29/16	1.250%		380,000.00		380,000.00
<b>Total</b>						<u>\$ 4,928,100.00</u>	<u>\$ 2,240,800.00</u>	<u>\$ 4,928,100.00</u>	<u>\$ 2,240,800.00</u>
						C	C-2	C-2	C
						Ref.			

**Exhibit - C-11**

**SCHEDULE OF RESERVE FOR  
CAPITAL IMPROVEMENT FUND**

	<u>REF.</u>	
Balance - December 31, 2014	C	\$ 94,760.69
<b>Balance - December 31, 2015</b>	<b>C</b>	<b><u><u>\$ 94,760.69</u></u></b>



SCHEDULE OF VARIOUS RESERVES

	Balance December 31, 2014	Increases (Decreases)	Balance December 31, 2015
Reserve for:			
Cash or Appropriated Reserves:			
Pay Debt Service	\$ 562,560.79	\$ (463,143.54)	\$ 99,417.25
Drainage Improvements	11,496.00	(11,496.00)	
Reserve for Infrastructure Improvements	19,553.84	(19,553.84)	
Reserve for Insurance Proceeds	170,500.00		170,500.00
Subtotal	<u>764,110.63</u>	<u>(494,193.38)</u>	<u>269,917.25</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>
Total	<u>\$ 1,436,610.63</u>	<u>\$ (494,193.38)</u>	<u>\$ 942,417.25</u>
	Ref.	Var.	C
Cash Receipts	C-2	\$ 96,856.46	
Cash Disbursements	C-2	<u>(591,049.84)</u>	
		\$ <u>(494,193.38)</u>	

**SCHEDULE OF GREEN TRUST LOAN PAYABLE**

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ 507,551.23
Decreased by:		
Loan Payments	C-5	<u>(34,552.28)</u>
<b>Balance - December 31, 2015</b>	<b>C</b>	<b><u>\$ 472,998.95</u></b>

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

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2014</u>	<u>NOTES ISSUED</u>	<u>BALANCE DEC. 31, 2015</u>
	<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 realted Improvements	20,656.23		20,656.23
09-11	Various Road Improvements	100,900.00		100,900.00
08-12	Osborn Street Improvements	356,800.00		356,800.00
1-13	Improvements & Repairs to Waterfront Structures & Facilities Damaged Hurricane Sandy	330,000.00		330,000.00
08-14	Acquis. Var. Capital Equip & Vehicle	380,000.00	380,000.00	-
	<b>Total</b>	<b><u>2,158,289.23</u></b>	<b><u>380,000.00</u></b>	<b><u>1,778,289.23</u></b>

Ref.

Footnote C

**Water and Sewer Utility Fund**

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

	REF.	OPERATING FUND	CAPITAL FUND
Balance - December 31, 2014	D	\$ 442,254.22	\$ 3,823,990.24
Increased by Receipts:			
Consumer Accounts Receivable	D-8	2,731,915.46	
Consumer Account Overpayments	D-19	3,493.36	
Prepaid Consumer Accounts	D-20	252,983.89	
Miscellaneous Revenue	D-3	197,288.89	
Interfund Loans Received	D		6,715.63
Premium Received on Sale of Notes	D-2		6,109.30
Proceeds from Sale of Bonds	D-16, D-23		
Proceeds from Sale of Bond Anticipation Notes	D-17		
Proceeds from Issuance of USDA Loan	D		3,070,000.00
Note Paydowns Operating Budget	D-23		289,619.00
USDA Grant Collected	D-23		
		<u>3,185,681.60</u>	<u>3,372,443.93</u>
Decreased by Disbursements:			
Budget Expenditures	D-4	2,925,478.19	
Appropriation Reserves	D-14	94,427.07	
Improvement Authorizations	D-18		2,623,432.01
Accrued Interest on Bonds, Notes and Loans	D-15	203,017.06	
Bond Anticipation Note Redeemed	D-17		4,290,000.00
Interfund Loans Advanced	D	6,715.63	
Transfers Operating Fund	D-2		23,840.15
		<u>3,229,637.95</u>	<u>6,937,272.16</u>
<b>Balance - December 31, 2015</b>	<b>D</b>	<b>\$ 398,300.87</b>	<b>\$ 259,162.01</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>Other</u>	<u>Cash Balance</u>
13-04	Various Water/Sewer Improvements			\$ 7,685.44		7,685.44
05-06	Cass Street Standpipe Painting Project.....		-153,600.00	183,327.40		29,727.40
08-09/10-11	Sanitary Sewer System Upgrades		-314,715.00	68,263.14		-246,451.86
01-14	Design & Permitting in Connection Var. Imprvts. Water			4,400.85		4,400.85
06-14	Various Water/Sewer Imprvts. USDA Phase II					
	State & Federal Grants Receivable.....	D			-1,000,000.00	-1,000,000.00
	Interfund Loans Payable	D-7			6,715.63	6,715.63
	MCI/A Bonds Payable.....	D-16				
	Reserve for Encumbrances.....	D-9			1,400,287.84	1,400,287.84
	Capital Improvement Fund.....	D-21			50,087.00	50,087.00
	Fund Balance.....	D-2			6,709.71	6,709.71
<hr/>						
<b>Total.....</b>			<b>\$ (468,315.00)</b>	<b>\$ 263,676.83</b>	<b>\$ 463,800.18</b>	<b>\$ 259,162.01</b>
<hr/>						
	<u>Ref.</u>	D-24	D-18	Var.	D, D-5	

**Exhibit - D-7****SCHEDULE OF INTERFUNDS  
WATER AND SEWER UTILITY FUND**

	<u>REF.</u>	<u>OPERATING FUND (DUE FROM) CAPITAL</u>	<u>CAPITAL FUND DUE TO OPERATING</u>
Balance - December 31, 2014	D	\$ -	\$ -
Increased By:			
Interfund Loan Received	D-5	<u>0.00</u>	<u>6,715.63</u>
		0.00	6,715.63
Decreased By:			
Interfund Loan Advanced	D-5	<u>(6,715.63)</u>	<u>-</u>
<b>Balance - December 31, 2015</b>	<b>D</b>	<b><u><u>\$ (6,715.63)</u></u></b>	<b><u><u>\$ 6,715.63</u></u></b>

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

	<u>REF.</u>		
Balance - December 31, 2014	D		\$ 201,364.80
Increased by:			
Water and Sewer Utility Billings	Reserve		<u>2,932,601.02</u>
			3,133,965.82
Decreased by:			
Overpayments Applied	D-19	2,658.40	
Prepays Applied	D-20	205,912.12	
Collected	D-5	<u>2,731,915.46</u>	
			<u>2,940,485.98</u>
<b>Balance - December 31, 2015</b>	<b>D</b>		<b><u><u>\$ 193,479.84</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	\$ 2,753,505.08	\$ 61,842.89	\$ 609,505.63
Increased by:				
CY 2014 Reserve for Encumbrances	D-4, D-18	<u>1,447,126.09</u>	<u>46,838.25</u>	<u>1,400,287.84</u>
		4,200,631.17	108,681.14	2,009,793.47
Decreased by:				
Transferred to Approp.Res./Improv. Auth.	D-14, D-18	<u>671,348.52</u>	<u>61,842.89</u>	<u>609,505.63</u>
<b>Balance - December 31, 2014</b>	<b>D</b>	<b><u>\$ 3,529,282.65</u></b>	<b><u>\$ 46,838.25</u></b>	<b><u>\$ 1,400,287.84</u></b>

Exhibit - D-10

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

<u>ACCOUNT</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2015</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	<u>151,000.00</u>	<u>151,000.00</u>
<b>Total</b>	<b><u>\$ 3,674,005.39</u></b>	<b><u>\$ 3,674,005.39</u></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 USDA LOANS PAYABLE  
WATER AND SEWER OPERATING FUND**

	BALANCE DEC. 31, 2014	INCREASES	DECREASES	BALANCE DEC. 31, 2015
USDA Loans Payable	\$ 2,637,022.00	\$ 3,070,000.00	\$ 38,706.53	\$ 5,668,315.47
<b>Total</b>	<b>\$ 2,637,022.00</b>	<b>\$ 3,070,000.00</b>	<b>\$ 38,706.53</b>	<b>\$ 5,668,315.47</b>
<u>Ref.</u>	D	D-5	D-4	D

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

<u>DESCRIPTION</u>	<u>BALANCE DEC. 31, 2014</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE DEC. 31, 2015</u>
BRSA Rent Reserve	\$ 322,291.10	523.59		\$ 322,814.69
	-			
<b>Total</b>	<b>\$ 322,291.10</b>	<b>\$ 523.59</b>	<b>\$ -</b>	<b>\$ 322,814.69</b>
<u>Ref.</u>	D	D-5		D

Exhibit - D-13

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

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u>	
		<u>DEC. 31, 2014</u>	<u>BALANCE DEC. 31, 2015</u>
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	Design & Permitting - USDA Phase II	3,890,000.00	3,890,000.00
06-14	Various Water/Sewer Improv. - USDA Phase II	<u>180,000.00</u>	<u>180,000.00</u>
<b>Total</b>		<b>\$ <u>9,670,000.00</u></b>	<b>\$ <u>9,670,000.00</u></b>
<u>Ref.</u>		D	D

**SCHEDULE OF 2014 APPROPRIATION RESERVES  
WATER AND SEWER UTILITY OPERATING FUND**

	BALANCE DEC. 31, 2014	RESERVE FOR ENCUMBRANCES DEC. 31, 2014	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Operating:					
Salaries and Wages	\$ 25,294.80	\$	25,294.80	\$	25,294.80
Other Expenses	46,485.26	16,842.89	63,328.15	53,074.43	10,253.72
Bayshore Regional Sewerage Authority	4,841.84		4,841.84		4,841.84
Acquisition of Water	818.20	45,000.00	45,818.20	41,352.64	4,465.56
Capital Improvements:					
Capital Outlay	13,069.00		13,069.00		13,069.00
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	3,584.13		3,584.13		3,584.13
<b>Total</b>	<b>\$ 94,093.23</b>	<b>\$ 61,842.89</b>	<b>\$ 155,936.12</b>	<b>\$ 94,427.07</b>	<b>\$ 61,509.05</b>

Ref.

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, 2014	D	\$ 49,801.66
Increased by:		
Accrued Interest Charged to:		
Budget Appropriations	D-4	<u>192,029.28</u>
		241,830.94
Decreased by:		
Payment	D-5	<u>203,017.06</u>
<b>Balance - December 31, 2015</b>	<b>D, D-15</b>	<b><u>\$ 38,813.88</u></b>

Analysis of Balance - December 31, 2015:

Principal Outstanding <u>Dec. 31, 2015</u>	<u>Amount</u>
USDA Loan Payable	\$ 3,679.17
Bonds Payable	<u>35,134.71</u>
<b>Total</b>	<b><u>\$ 38,813.88</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, 2015</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2014</u>		<u>INCREASE</u>		<u>BALANCE DEC. 31, 2015</u>	
			<u>DATE</u>	<u>AMOUNT</u>							
Water and Sewer Utility MCIA Bonds - Series 2014	12/24/14	1,070,000				\$	1,070,000.00	\$	85,000.00	\$	985,000.00
<b>Total</b>						\$	<u>1,070,000.00</u>	\$	<u>85,000.00</u>	\$	<u>985,000.00</u>
					<u>Ref.</u>		D		D-22		D

SCHEDULE OF BOND ANTICIPATION NOTES

ORD. NO.	IMPROVEMENT DESCRIPTION	ORIGINAL DATE ISSUED	DATE OF ISSUE	MATURITY DATE	INTEREST RATE	BALANCE DEC. 31, 2014	DECREASE	BALANCE DEC. 31, 2015
21-05	Perry Street Water Treatment Facility Upgrade				\$	819,600.00	\$ 819,600.00	\$ -
05-06	Cass Street Standpipe Painting Project					250,400.00	250,400.00	-
07-13	Var. Water & Sewer Improvements					150,000.00	150,000.00	-
01-14	Design & Permitting - USDA Phase II					180,000.00	180,000.00	-
06-14	Var. Water/Sewer Impvts. USDA Phase II					2,890,000.00	2,890,000.00	-
<hr/>								
<b>Total</b>						<b>\$ 4,290,000.00</b>	<b>\$ 4,290,000.00</b>	<b>\$ -</b>
<hr/>								
		<u>Ref.</u>	D	D	D-5	D		



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

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE - DEC. 31, 2014		RESERVE FOR ENCUMB. DEC. 31, 2014	AUTHORIZED 2015	PAID OR CHARGED	RESERVE FOR ENCUMB. DEC. 31, 2015	BALANCE - DEC. 31, 2015	
				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		545.98			545.98			
05-06	Cass Street Standpipe Painting Project	03/07/06	600,000.00		153,600.00					29,727.40	153,600.00
08-09	Sanitary Sewer System Upgrades	09/01/09	1,600,000.00		253,390.09	711.65		46,355.09	139,483.51		68,263.14
07-13	Var. Water & Sewer Improvements	2013	150,000.00		2,076.51			2,076.51			
01-14	Design & Permitting - USDA Phase II	2014	180,000.00		11,284.10	7,996.54		14,518.71	361.08	4,400.85	
06-14	Var. Water/Sewer Impvts. USDA Phase II	2014	3,890,000.00		1,137,424.97	2,682,954.00		2,559,935.72	1,260,443.25		
<b>Total</b>				\$	<u>3,741,284</u>	<u>1,558,321.65</u>	\$	<u>2,623,432.01</u>	<u>1,400,287.84</u>	<u>41,813.69</u>	<u>221,863.14</u>
			Ref.	D	D	D-9		D-5	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, 2014	D	\$ 2,658.40
Increased by:		
Collections	D-5	<u>3,493.36</u>
		6,151.76
Decreased by:		
Applied Water & Sewer Rents Receivable	D-8	<u>2,658.40</u>
<b>Balance - December 31, 2015</b>	<b>D</b>	<b><u>\$ 3,493.36</u></b>

**Exhibit - D-20**

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

	<u>REF.</u>	
Balance - December 31, 2014	D	\$ 205,912.12
Increased by:		
Prepaid Rents Collected	D-5	<u>252,983.89</u>
		458,896.01
Decreased by:		
Prepays Applied	D-8	<u>205,912.12</u>
<b>Balance - December 31, 2015</b>	<b>D</b>	<b><u>\$ 252,983.89</u></b>

Exhibit - D-21

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

	<u>REF.</u>	
Balance - December 31, 2014	D	\$ 50,087.00
<b>Balance - December 31, 2015</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, 2014	D	\$ 3,674,005.39
<b>Balance - December 31, 2015</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, 2014	D	\$ 1,135,044.00
Increased by:		
Bond Principal Paid	D-5	85,000.00
USDA Loan Principal Paid	D-5	38,706.53
USDA Grant Collected	D-5	289,619.00
		<u>413,325.53</u>
<b>Balance - December 31, 2015</b>	<b>D</b>	<b><u>\$ 1,548,369.53</u></b>

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

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2014	USDA GRANT	BALANCE DEC. 31, 2015
05-06	Cass Street Standpipe Painting Project	\$ 153,600.00 \$	\$	153,600.00
08-09	Sewer Upgrades USDA	604,334.00	289,619.00	314,715.00
06-14	Var. Water/Sewer Impvts. USDA Phase II	1,000,000.00		1,000,000.00
<b>Total</b>		<b>\$ 1,757,934.00 \$</b>	<b>289,619.00 \$</b>	<b>1,468,315.00</b>

Ref.

Footnote D

**Payroll Agency Fund**

**SCHEDULE OF PAYROLL AGENCY ACTIVITY**

	<u>BALANCE</u> <u>DEC 31, 2014</u>	<u>PAYROLL</u> <u>DEDUCTIONS</u>	<u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>DEC 31, 2015</u>
Federal Withholding Tax	\$	\$ 433,274.42	\$ 433,274.42	\$
Social Security/Medicare		391,142.88	391,142.88	
State Withholding Tax		132,389.74	132,389.74	
SUI/Disability	38.07	15,654.89	15,647.23	45.73
457B Plan		40,150.00	40,150.00	
AFLAC		11,329.45	11,329.45	
PERS	1,053.57	131,688.94	131,688.94	1,053.57
PFRS	148.00	210,974.39	210,974.39	148.00
Police/Firemens Insurance		5,278.20	5,278.20	
Garnishments		66,260.83	66,260.83	
Monoc Credit Union		24,030.00	24,030.00	
PBA Dues		14,175.00	14,175.00	
Clerical/PW Union Dues				
Life Insurance		21,487.93	21,487.93	
Miscellaneous	1,505.22	960.00	960.00	1,505.22
Health Insurance Co-Pay	28.73	166,749.67	166,749.67	28.73
Health Insurance Copay		6,132.64	6,132.64	
<b>Total</b>	<b>\$ <u>2,773.59</u></b>	<b>\$ <u>1,671,678.98</u></b>	<b>\$ <u>1,671,671.32</u></b>	<b>\$ <u>2,781.25</u></b>

Ref.

E

E

**Governmental Fixed Assets**

**SCHEDULE OF GOVERNMENTAL FIXED ASSETS**

<b><u>FIXED ASSETS</u></b>	<b><u>BALANCE DEC. 31, 2014</u></b>	<b><u>ADDITIONS</u></b>	<b><u>DELETIONS</u></b>	<b><u>BALANCE DEC. 31, 2015</u></b>
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			2,985,709.08
Machinery and Equipment	344,731.30	138,887.00		483,618.30
Office Furniture and Equipment	163,066.09			163,066.09
Other Equipment	<u>218,914.00</u>	<u></u>	<u></u>	<u>218,914.00</u>
<b>Total</b>	<b><u>\$ 14,380,320.47</u></b>	<b><u>\$ 138,887.00</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 14,519,207.47</u></b>



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

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**PART V**  
**SUPPLEMENTARY DATA**

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

<b>Revenue and Other Income Realized</b>	<b>Year 2015</b>		<b>Year 2014</b>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Fund Balance Utilized	\$ 110,000.00	0.55	\$ 87,700.00	0.46
Miscellaneous - From Other Than				
Local Property Tax Levies	2,288,941.25	11.37	2,472,018.10	12.89
Collection of Delinquent Taxes				
and Tax Title Liens	624,398.29	3.10	601,676.10	3.14
Collection of Current Tax Levy	16,713,490.44	82.98	15,940,510.12	83.11
Other Credits to Income	404,551.37	2.01	77,741.60	0.41
Total Income	<u>20,141,381.35</u>	<u>100.00</u>	<u>19,179,645.92</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	8,235,160.32	41.91	8,166,959.92	42.90
County Taxes	1,923,184.05	9.79	1,704,348.27	8.95
Local School Taxes	9,058,886.00	46.10	8,717,811.00	45.80
Business Improvement District Taxes	118,000.00	0.60	118,000.00	0.62
Municipal Open Space Taxes	166,137.61	0.85	160,081.04	0.84
Other Expenditures	149,080.58	0.76	167,947.94	0.88
Total Expenditures	<u>19,650,448.56</u>	<u>100.00</u>	<u>19,035,148.17</u>	<u>100.00</u>
Less: Expenditures to be Raised by Future Taxes				
Total Adjusted Expenditures	<u>19,650,448.56</u>		<u>19,035,148.17</u>	
Excess in Revenue	490,932.79		144,497.75	
Fund Balance January 1	<u>147,202.14</u>		<u>90,404.39</u>	
	638,134.93		234,902.14	
Less:				
Utilization as Anticipated				
Revenue	<u>110,000.00</u>		<u>87,700.00</u>	
<b>Fund Balance December 31</b>	<b><u>\$ 528,134.93</u></b>		<b><u>\$ 147,202.14</u></b>	

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

<b>Revenue and Other Income Realized</b>	<b>Year 2015</b>		<b>Year 2014</b>	
	<b><u>Amount</u></b>	<b><u>%</u></b>	<b><u>Amount</u></b>	<b><u>%</u></b>
Fund Balance Utilized	\$ 27,900.00	0.86	\$ 69,100.00	2.12
Collection of Water and Sewer Rents	2,940,485.98	91.12	2,965,837.88	91.07
Miscellaneous - From Other Than Water and Sewer Rents	<u>258,797.94</u>	<u>8.02</u>	<u>221,871.84</u>	<u>6.81</u>
Total Income	<u>3,227,183.92</u>	<u>100.00</u>	<u>3,256,809.72</u>	<u>100.00</u>
<b><u>Expenditures</u></b>				
Budget Expenditures:				
Operating	2,847,000.00	88.77	2,892,000.00	89.57
Debt Service	277,026.28	8.64	147,928.63	4.58
Capital Improvements	19,000.00	0.59	25,000.00	0.77
Deferred Charges and Statutory Expenditures	<u>64,000.00</u>	<u>2.00</u>	<u>164,000.00</u>	<u>5.08</u>
Total Expenditures	<u>3,207,026.28</u>	<u>100.00</u>	<u>3,228,928.63</u>	<u>100.00</u>
Excess in Revenue	20,157.64		27,881.09	
Deferred Charges to be Raised in Budget of Succeeding Year	<u>                    </u>		<u>                    </u>	
Statutory Excess to Fund Balance	20,157.64		27,881.09	
Fund Balance January 1	<u>27,945.92</u>		<u>69,164.83</u>	
	48,103.56		97,045.92	
Less:				
Utilization as Anticipated Revenue	<u>27,900.00</u>		<u>69,100.00</u>	
<b>Fund Balance December 31</b>	<b><u>\$ 20,203.56</u></b>		<b><u>\$ 27,945.92</u></b>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate:</u>	<u>\$2.597</u>	<u>\$2.573</u>	<u>\$2.241</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	<u>0.943</u>	<u>0.944</u>	<u>0.810</u>
County	<u>0.290</u>	<u>0.266</u>	<u>0.265</u>
Local School	<u>1.364</u>	<u>1.363</u>	<u>1.166</u>

Assessed Valuation:

2015	<u>\$663,989,376.00</u>	
2014		<u>\$639,829,108.00</u>
2013		<u>\$733,669,411.00</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 \$46,250.00 for the year 2015.

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>	
2015	\$ 17,377,147.13	\$ 16,713,490.44	96.18%
2014	\$ 16,588,061.47	\$ 15,940,510.12	96.10%
2013	\$ 16,577,094.95	\$ 15,893,374.93	95.88%

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>
2015	\$ 171,378.42	\$ 660,645.17	\$ 832,023.59	4.79%
2014	\$ 157,804.60	\$ 623,148.29	\$ 780,952.89	4.71%
2013	\$ 150,295.19	\$ 618,350.95	\$ 768,646.14	4.64%

### 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>
2015	\$ 97,100
2014	\$ 97,100
2013	\$ 97,100

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

<u>Year</u>	<u>Billings</u>	<u>*Collections</u>
2015	\$ 2,932,601	\$ 2,940,486
2014	\$ 2,948,148	\$ 2,965,838
2013	\$ 3,007,497	\$ 3,034,037

\*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	2015	\$ 528,135	\$ 396,000
	2014	\$ 147,202	\$ 110,000
	2013	\$ 90,404	\$ 87,700
	2012	\$ 193,180	\$ 183,000
	2011	\$ 56,504	\$ 53,000
Water and Sewer Utility Operating Fund	2015	\$ 20,204	\$ 20,200
	2014	\$ 27,946	\$ 27,900
	2013	\$ 69,165	\$ 69,100
	2012	\$ 267,200	\$ 254,660
	2011	\$ 4,942	\$ 4,900

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the year ended December 31, 2015:

<u>NAME</u>	<u>TITLE</u>
-------------	--------------

Governing Body

Harry M. Aumack II	Mayor
Kenneth Howe	Councilperson
Warren Chamberlain	Councilperson
Isaiah Cooper	Councilperson
Joseph E. Sheridan	Councilperson
Sophia Lamberson	Councilperson
Matthew Goode	Councilperson

Borough Officials

Stephen J. Gallo	Business Administrator
Valerie T. Heilwell	Borough Clerk
Thomas P. Fallon, CPA, RMA	Chief Financial Officer
Keri R. Stencel	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**



**PART VI**  
**GENERAL COMMENTS AND RECOMMENDATIONS**

**BOROUGH OF KEYPORT  
COUNTY OF MONMOUTH, NEW JERSEY  
FOR YEAR ENDED DECEMBER 31, 2015**

**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, 2015, 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, 2015, 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 September 26, 2016 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 – Finance/Tax/Water and Sewer Offices

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

This condition is the result of multiple tasks performed by the same individual within the Finance Department/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 \$17,500.00 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 September 28, 2015, the Local Public Contracts Law was amended, effective July 1, 2015. The amendments address the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount from \$36,000.00 to \$40,000.00 under which a contract may be awarded without public advertising for those municipalities that have appointed a Qualified Purchasing Agent. 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:

#### Materials & Supplies

Outboard Motor for Fire Department Boat.

#### Services

Lawn Cutting Services.

#### State Contract

2016 Ford Police Interceptor AWD Vehicle.

#### Emergency Contracts

Repair of Water Main at Monmouth County Vocational Building and Cleaning & Televising of Damaged Sanitary Sewer Main at 41 State Highway 36.

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, 2015 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 2015. 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>
2015	13	0
2014	20	0
2013	14	0

#### Interfund Receivable/Payable Balances

Interfund Balances appear in the balance sheets of the Borough's financial statements of the year ended December 31, 2015.

These interfunds, in most cases, resulted from 2015 operations and closing entries, and we suggest that all interfund amounts and balances be cleared by cash transfer.

#### Investment of Borough Funds

During 2015, the Borough's funds were invested primarily in interest bearing and sweep accounts.

All investments held by the Township were directly confirmed as of December 31, 2015.

## 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, 2015. 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 2015 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 financial records maintained by the Municipal Court during the period were reviewed. The examination of the general account indicated that deposits were recorded and spread by receipt category, cash was reconciled monthly and disbursements were made to the appropriate agencies on a timely basis.

#### 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.

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

The Borough operated various programs during 2015, 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.

## GENERAL COMMENTS

### OTHER MATTERS (Cont'd)

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 \$3,227,183.92 and expenditures amounted to \$3,207,026.28 resulting in excess operations of \$20,157.64. The calculation of "Self-Liquidating Purpose" utility operations per N.J.S.A. 40A: 2-45 resulted in a statutory deficit for debt statement purposes of \$22,351.41, which limited the allowed the deduction of Water and Sewer Utility Debt to the amount of \$7,674,602.27 in the calculation of statutory net debt of the Borough at December 31, 2015. 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.

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.

## GENERAL COMMENTS

### OTHER MATTERS (Cont'd)

#### 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.



Robert S. Morrison, CPA, RMA  
Registered Municipal Accountant  
No. 412