

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

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2008 and 2007**

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

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

TABLE OF CONTENTS

	<u>PAGE(S)</u>
<u>PART I</u>	1
Independent Auditor's Report	2 - 3
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	4 - 5
<u>FINANCIAL STATEMENTS - REGULATORY BASIS</u>	6
A Current Fund - Comparative Balance Sheet - Regulatory Basis For the Year Ended December 31, 2008 and 2007	7
A- 1 Current Fund - Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	8 - 9
A- 2 Current Fund - Statement of Revenues	10 - 11
A- 3 Current Fund - Statement of Expenditures	12 - 18
B Trust Fund - Comparative Balance Sheet - Regulatory Basis For the Year Ended December 31, 2008 and 2007	19 - 20
C General Capital Fund - Comparative Balance Sheet - Regulatory Basis For the Year Ended December 31, 2008 and 2007	21
C- 1 General Capital Fund - Statement of Fund Balance - Regulatory Basis	22
D Water and Sewer Utility Fund - Comparative Balance Sheet - Regulatory Basis For the Year Ended December 31, 2008 and 2007	23
D- 1 Water and Sewer Utility Operating Fund - Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	24
D- 2 Water and Sewer Utility Capital Fund - Statement of Fund Balance	25
D- 3 Water and Sewer Utility Operating Fund - Statement of Revenues	26
D- 4 Water and Sewer Utility Operating Fund - Statement of Expenditures	27
E Payroll Agency Fund - Comparative Balance Sheet - Regulatory Basis For the Year Ended December 31, 2008 and 2007	28
F Statement of Governmental Fixed Assets	29
Notes to Financial Statements	30 - 46
<u>PART II – SUPPLEMENTARY DATA AND SCHEDULES</u>	47
<u>Current Fund</u>	48
A- 4 Schedule of Cash	49
A- 5 Schedule of Change Petty Cash and Change Funds	50
A- 6 Schedule of Due from State of New Jersey - for Allowable Deductions per Chapter 20, P.L. 1976	51
A- 7 Schedule of Property Taxes Receivable and Levy Analysis - Current Fund	52
A- 8 Schedule of Revenue Accounts Receivables and Miscellaneous Revenues not Anticipated	53 - 54
A- 9 Schedule of Deferred Charges	55

Current Fund (Cont'd.)

A-10	Schedule of Interfunds - Current Fund	56
A-11	Schedule of 2007 Appropriation Reserves	57 - 60
A-12	Schedule of Property Tax Overpayments	61
A-13	Schedule of Taxes Payable	62
A-14	Schedule Various Accounts Payables & Reserves	63
A-15	Schedule of Special Emergency Note Payable	64
A-16	Schedule of State and Federal Grants Receivable - Grant Fund	65
A-17	Schedule of Due Current Fund - Grant Fund	66
A-18	Schedule of Reserve for State and Federal Grants - Appropriated - Grant Fund	67
A-19	Schedule of Reserve for State and Federal Grants - Unappropriated Grant Fund	68

Trust Fund 69

B- 1	Statement of Cash - Animal Control	70
B- 2	Analysis of Trust Assessment Cash and Investments	71
B- 3	Schedule of Due to State of New Jersey - Fees & Licenses	71
B- 4	Schedule of Due Current Fund - Other Trust Fund	72
B- 5	Schedule of Trust Fund Deposits and Reserves	73
B- 6	Schedule of Reserve for Open Space Trust Fund	74

General Capital Fund 75

C- 2	Schedule of General Capital Fund Cash and Investments - Treasurer	76
C- 3	Schedule of Analysis of Cash	77
C- 4	Schedule of Various Grants, Loans and Other Receivables	78
C- 5	Schedule of Deferred Charges - Funded	79
C- 6	Schedule of Deferred Charges to Future Taxation - Unfunded	80 - 81
C- 7	Schedule of Interfunds - General Capital Fund	82
C- 8	Schedule of Improvement Authorizations	83
C- 9	Schedule of General Serial Bonds	84
C-10	Schedule of Bond Anticipation Notes	85
C-11	Schedule of Reserve for Capital Improvement Fund	86
C-12	Schedule of Various Reserves	87
C-13	Schedule of Green Trust Loan Payable	88
C-14	Schedule of Bonds and Notes Authorized but not Issued	89

Water and Sewer Utility Fund 90

D- 5	Schedule of Water and Sewer Utility Cash and Investments - Treasurer	91
D- 6	Schedule of Analysis of Cash - Water and Sewer Capital Fund	92
D- 7	Schedule of Consumer Accounts Receivable - Water and Sewer Utility Operating Fund	93
D- 8	Schedule of Reserve for Encumbrances - Water and Sewer Utility Fund	94
D- 9	Schedule of Fixed Capital - Water and Sewer Utility Capital Fund	94

Water and Sewer Utility Fund (Cont'd.)

D-10	Schedule of Fixed Capital Authorized and Uncompleted - Water and Sewer Utility Capital Fund	95
D-11	Schedule of 2007 Appropriation Reserves - Water and Sewer Utility Operating Fund	96
D-12	Schedule of Accrued Interest on Bonds, Notes and Loans - Water and Sewer Utility Operating Fund	97
D-13	Schedule of Serial Bonds Payable - Water and Sewer Utility Capital Fund	98
D-14	Schedule of Bond Anticipation Notes	99
D-15	Schedule of Improvement Authorizations	100
D-16	Schedule of Water and Sewer Overpayments	101
D-17	Schedule of Prepaid Consumer Deposits	101
D-18	Schedule of Reserve for Capital Improvement Fund - Water and Sewer Utility Capital Fund	102
D-19	Schedule of Reserve for Amortization - Water and Sewer Utility Capital Fund	102
D-20	Schedule of Deferred Reserve for Amortization	102
D-21	Schedule of Bonds and Notes Authorized but not Issued	103

Payroll Agency Fund 104

E- 1	Schedule of Payroll Agency Activity	105
------	-------------------------------------	-----

Governmental Fixed Assets 106

F- 1	Schedule of Governmental Fixed Assets	107
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SUPPLEMENTARY DATA 108

Combined Balance Sheet - All Funds - Year Ending December 31, 2008	109 - 110
Comparative Statement of Operations and Change in Fund Balance Current Fund	111
Comparative Statement of Operations and Change in Fund Balance Water and Sewer Utility Operating Fund	112
Property Acquired by Tax Title Lien Liquidation	113
Comparison of Water and Sewer Utility Billings and Collections	113
Comparative Schedule of Fund Balance	113
Comparative Schedule of Tax Rate Information	114
Comparison of Tax Levies and Collection Currently	114
Delinquent Taxes and Tax Title Liens	114
Officials in Office and Surety Bonds	115
General Comments	116 - 124
Recommendations	125
Acknowledgment	125

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

PART I
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS – STATUTORY BASIS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets – regulatory basis of the various funds of the Borough of Keyport, Monmouth County, New Jersey, as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Borough's financial statements and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2008. These financial statements are the responsibility of the Borough's management. 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 State 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 Service, 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared in conformity with accounting principles prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

In our opinion, because the prescribed regulatory basis of accounting as described in the preceding paragraph is utilized by the Borough of Keyport, County of Monmouth, New Jersey for the purpose of financial statement preparation, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Keyport, County of Monmouth, New Jersey as of December 31, 2008 and 2007 or the results of its operations, or cash flows of its proprietary fund type for the years then ended.

However, 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 of the Borough of Keyport, Monmouth County, New Jersey, as of December 31, 2008 and 2007 and the results of operations and changes in fund balance – regulatory basis for the years then ended and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2008, on the basis of accounting described in Note 2.

In accordance with Government Auditing Standards, we have also issued a report dated October 16, 2009 on our consideration of the Borough of Keyport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Borough of Keyport, County of Monmouth, New Jersey taken as a whole. The information included in the supplementary data and schedules 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. Such information contained in the Supplementary Data and Supplementary Schedules has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects to the financial statements taken as a whole.

Hodulik & Morrison, P.A.

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



Robert S. Morrison
Registered Municipal Accountant, No. 412

Highland Park, New Jersey
October 16, 2009

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

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

We have audited the financial statements of the Borough of Keyport as of and for the year ended December 31, 2008, and have issued our report thereon dated October 16, 2009. Our report expressed an unqualified opinion on the conformity of the financial statements with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our report also expressed an adverse opinion on the conformity of the financial statements to accounting principles generally accepted in the United States of America, due to differences between those principles and the prescribed regulatory basis, which is more fully described in Note 2. 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Keyport's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Keyport's internal control over financial reporting.

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 Borough of Keyport'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 Borough of Keyport's financial statements that is more than inconsequential will not be prevented or detected by the Borough of Keyport's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 noncompliance that are 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 certain matters that we have reported to management of the Borough of Keyport in the General Comments section of the Report of Audit.

This report is intended solely for the information and use of the Mayor and Borough Council, management, the Division of Local Government Services and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



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

Highland Park, New Jersey
October 16, 2009

FINANCIAL STATEMENTS – REGULATORY BASIS

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2008 AND DECEMBER 31, 2007

ASSETS	REF.	BALANCE DEC. 31, 2008	BALANCE DEC. 31, 2007	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2008	BALANCE DEC. 31, 2007
Cash and Investments - Treasurer	A-4	\$ 1,336,284.84	\$ 1,246,551.59	Liabilities:			
Cash - Change Fund	A-5	525.00	425.00	Special Emergency Note Payable	A-15	\$ 150,000.00	\$ 200,000.00
Due from State of N.J. per Ch. 20, P.L. 1976	A-6	3,191.94	3,389.20	Appropriation Reserves	A-3, A-11	460,773.25	319,425.08
				Reserve for Encumbrances	A-3, A-11	129,338.50	175,411.23
				Prepaid Taxes	A-7	92,500.84	68,463.62
				Various Payables	A-14	4,220.00	4,220.00
		1,340,001.78	1,250,365.79	Various Reserves	A-14	240,144.93	255,463.37
Receivables With Offsetting Reserves:				Tax Overpayments	A-12	1,747.36	1,747.36
Taxes Receivable	A-7	596,099.29	519,028.15	County Taxes Payable	A-13	10,299.89	9,231.75
Tax Title Lien Receivable	A-7	102,263.07	93,831.70	School Taxes Payable	A-13	3.50	
Property Acquired for Taxes (At Assessed Valuation)	A-7	97,100.00	97,100.00	Due to Trust Other Fund	A-10	39.37	
Revenue Accounts Receivable	A-8	24,940.31	36,265.11	Due to General Capital Fund	A-10	613.04	546.57
Due from Trust Other Fund	A-10	614.24	141.72			1,083,713.32	1,034,508.98
Due from Grant Fund	A-10	16,253.74	3,053.81	Reserve for Receivables	Reserve	837,270.65	750,035.73
Local School Tax Advanced	A-10		1.00	Fund Balance	A-1	406,288.46	415,856.81
		837,270.65	750,035.73	Total Current Fund		2,327,272.43	2,200,401.52
Deferred Charges:							
Special Emergency							
Authorization N.J.S.A 40A:4-53	A-9	150,000.00	200,000.00				
		150,000.00	200,000.00				
Total Current Fund		2,327,272.43	2,200,401.52	Due to Current Fund	A-17	16,253.74	3,053.81
Slate & Federal Grant Fund:				Reserve for State and Federal Grants:			
Grants Receivable	A-16	285,737.26	307,719.18	Appropriated	A-18	209,056.65	283,320.24
				Unappropriated	A-19	6,877.53	6,138.94
				Reserve for Encumbrances	A-18	53,549.34	15,206.19
Total State & Federal Grant Fund		285,737.26	307,719.18	Total State & Federal Grant Fund		285,737.26	307,719.18
		\$ 2,613,009.69	\$ 2,508,120.70			\$ 2,613,009.69	\$ 2,508,120.70

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, 2008 AND 2007

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2008</u>	<u>YEAR 2007</u>
Fund Balance Utilized	A-1, A-2 \$	410,000.00 \$	570,000.00
Miscellaneous Revenues Anticipated	A-2	2,773,428.47	2,817,497.35
Receipts from Delinquent Taxes	A-2	513,094.26	480,045.47
Receipts from Current Taxes	A-7	15,224,518.92	14,720,012.16
Non-Budget Revenue	A-2	72,501.91	196,778.84
Other Credits to Income:			
Unexpended Balances of Approp. Reserves	A-11	226,751.59	156,570.25
Cancellation of Grant Reserves	A-18	215.24	150.00
Reversal School Tax Advanved	A-13	1.00	
Total Revenues		<u>19,220,511.39</u>	<u>18,941,054.07</u>
<u>EXPENDITURES AND OTHER CHARGES</u>			
Budget Appropriations:			
Operating			
Salaries and Wages	A-3	3,142,650.00	3,137,300.00
Other Expenses	A-3	3,380,489.00	3,221,770.00
State and Federal Programs Off-Set by Revenue	A-3	669,323.83	563,847.63
Municipal Debt Service	A-3	673,958.03	710,823.30
Capital Improvements	A-3		26,400.00
Deferred Charges and Statutory Expend.-Mun.	A-3	207,600.00	205,400.00
Transferred to Board of Education	A-3	64,604.00	84,153.00
County Taxes	A-13	1,886,019.15	1,843,833.00
Local District School Taxes	A-13	8,528,422.50	8,481,567.00
Business Improvement District Taxes	A-13	150,000.00	150,000.00
Municipal Open Space Taxes	A-13	82,825.78	83,193.65
Prior Year Senior Citizen Deduction Disallowed	A-6	1,592.39	3,789.03
Refund of Prior Year Revenue	A-1	19,536.85	
Prior Year Tax Appeal	A-4		44,610.37
Interfunds Advanced - Net	Var.	<u>13,058.21</u>	<u>2,873.01</u>
Total Expenditures		<u>18,820,079.74</u>	<u>18,559,559.99</u>
Excess in Revenue (Balance Forward)		400,431.65	381,494.08
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budgets of Succeeding Years			
Statutory Excess to Fund Balance		400,431.65	381,494.08

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, 2008 AND 2007

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2008</u>	<u>YEAR 2007</u>
Statutory Excess to Fund Balance (brought forward)		\$ 400,431.65	\$ 381,494.08
<u>FUND BALANCE</u>			
Balance - January 1	A	<u>415,856.81</u>	<u>604,362.73</u>
		816,288.46	985,856.81
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>410,000.00</u>	<u>570,000.00</u>
Balance - December 31	A	<u>\$ 406,288.46</u>	<u>\$ 415,856.81</u>

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, 2008**

REF.	ANTICIPATED 2008 BUDGET	APPROP. N.J.S.A. 40A:4-87	TOTAL 2008 BUDGET	REALIZED	EXCESS OR (DEFICIT)
A-1	\$ 410,000.00	\$	\$ 410,000.00	\$ 410,000.00	\$
Fund Balance Anticipated					
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	25,600.00		25,600.00	30,752.01	5,152.01
Other	2,000.00		2,000.00	13,240.00	11,240.00
Fees and Permits	86,500.00		86,500.00	107,877.50	21,377.50
Fines and Costs:					
Municipal Court	276,000.00		276,000.00	380,458.60	104,458.60
Interest and Costs on Taxes	105,000.00		105,000.00	118,240.35	13,240.35
Interest on Investments and Deposits	60,000.00		60,000.00	44,163.40	(15,836.60)
Anticipated Utility Operating Surplus	130,000.00		130,000.00	130,000.00	
Cable Television Fees	22,700.00		22,700.00	23,613.00	913.00
Payment in Lieu of Taxes:					
Senior Citizen Housing	263,000.00		263,000.00	232,398.73	(30,601.27)
Bethany Manor Annex, Senior Citizen Housing	67,000.00		67,000.00	69,520.00	2,520.00
Consolidated Municipal Property Tax Relief Aid	376,266.00		376,266.00	376,266.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	544,907.00		544,907.00	544,907.00	
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	92,300.00		92,300.00	82,347.00	(9,953.00)
Public and Private Revenues Offset with Approps.:					
Recycling Tonnage Grant	2,304.51		2,304.51	2,304.51	
Drunk Driving Enforcement Fund	3,833.60		3,833.60	9,559.17	5,725.57
Clean Communities Program	10,285.19		10,285.19	10,285.19	
Alcohol Education and Rehabilitation Fund	3,528.66		3,528.66	3,528.66	
Municipal Alliance on Alcoholism and Drug Abuse	28,674.00		28,674.00	28,674.00	
Safe and Secure Communities Program	26,790.00		26,790.00	26,790.00	
Office on Aging Grant	36,000.00		36,000.00	36,000.00	
Body Armor Replacement Grant	2,023.30		2,023.30	2,023.30	

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>REF.</u>	<u>ANTICIPATED</u> 2008 <u>BUDGET</u>	<u>APPROP.</u> N.J.S.A. 40A:4-87	<u>TOTAL 2008</u> <u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
	\$	\$	\$	\$	\$
A-16				6,400.00	
A-16	6,400.00		6,400.00		
A-16	353,612.00	53,899.00	407,511.00	407,511.00	
A-16	4,000.00		4,000.00	4,000.00	
A-16	5,000.00	5,000.00	10,000.00	10,000.00	
A-8	70,600.00		70,600.00	69,669.05	(930.95)
A-8	2,000.00		2,000.00	2,000.00	
A-8	900.00		900.00	900.00	
A-1, A-4, A-8	2,607,224.26	64,624.57	2,671,848.83	2,773,428.47	101,579.64
A-1	512,000.00		512,000.00	513,094.26	1,094.26
	3,529,224.26	64,624.57	3,593,848.83	3,696,522.73	102,673.90
A-7	5,198,895.61		5,198,895.61	5,168,674.10	(30,221.51)
	8,728,119.87	64,624.57	8,792,744.44	8,865,196.83	72,452.39
A-1, A-4, A-8				72,501.91	
	8,728,119.87	64,624.57	8,792,744.44	8,937,698.74	
<u>Ref.</u>	<u>A-3</u>		<u>A-3</u>	<u>A-1</u>	

() Denotes Deficit

Note: See Notes to Financial Statements.

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Administrative and Executive						
Salaries and Wages	\$ 85,000.00	\$ 85,500.00	\$ 82,550.01	\$ 163.84	\$ 2,949.99	\$ 3,732.74
Other Expenses	11,760.00	11,760.00	7,863.42			
Mayor and Council						
Salaries and Wages	19,700.00	17,700.00	17,656.25		43.75	
Other Expenses	4,000.00	6,200.00	4,037.44	128.95	2,033.61	
Municipal Clerk						
Salaries and Wages	41,500.00	44,000.00	42,497.67		1,502.33	
Other Expenses						
Miscellaneous	9,500.00	9,500.00	6,376.88	528.85	2,594.27	
Revision and Codification of Ordinances	2,500.00	2,500.00			2,500.00	
Financial Administration						
Salaries and Wages	50,500.00	50,500.00	48,944.63		1,555.37	
Other Expenses	9,300.00	9,300.00	7,597.89		1,702.11	
Audit Services						
Other Expenses	17,000.00	17,000.00	17,000.00			
Collection of Taxes						
Salaries and Wages	73,000.00	74,200.00	71,544.83		2,655.17	
Other Expenses	9,000.00	9,300.00	7,448.78	1,532.00	319.22	
Assessment of Taxes						
Salaries and Wages	20,400.00	22,000.00	21,216.00		784.00	
Other Expenses						
Revision of Tax Map/Revaluation						
Miscellaneous	9,100.00	12,100.00	10,634.36		1,465.64	
Legal Services						
Other Expenses	91,000.00	91,000.00	76,589.92	2,888.50	11,521.58	
Environmental Commission						
Other Expenses	500.00	600.00	550.00		50.00	
Engineering Services						
Other Expenses	15,000.00	21,000.00	17,829.19	1,675.28	1,495.53	
Keyport Historical Society Contracted	1,000.00	1,000.00	-		1,000.00	
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Planning/Zoning Board						
Salaries and Wages	3,200.00	3,700.00	3,516.80		183.20	
Other Expenses						
Revision of Master Plan	100.00	100.00	-		100.00	
Miscellaneous	7,100.00	7,100.00	5,203.13	250.00	1,646.87	
Property Maintenance Code						
Salaries and Wages	13,700.00	13,700.00	13,699.92		0.08	
Other Expenses	1,000.00	1,000.00	161.79		838.21	

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

Exhibit - A - 3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	RESERVED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED		
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>INSURANCES</u>						
Liability Insurance	\$ 177,000.00	\$ 177,000.00	\$ 161,613.60	\$	\$ 3,386.40	\$ 12,000.00
Workers Compensation Insurance	122,000.00	122,000.00	120,384.00		1,616.00	
Employee Group Insurance	687,000.00	687,000.00	635,317.43		1,682.57	50,000.00
<u>PUBLIC SAFETY</u>						
Police Department	2,137,500.00	\$ 2,137,500.00	2,023,456.65		114,043.35	
Salaries and Wages						
Other Expenses						
Miscellaneous	76,500.00	76,500.00	41,019.03	8,362.07	27,118.90	
Clothing Allowance	30,000.00	30,000.00	25,577.66	2,689.74	1,732.60	
Emergency Management Services						
Other Expenses	1,100.00	1,100.00	32.94	810.00	257.06	
Aid to Volunteer Fire Companies	24,220.00	24,220.00	20,960.00	2,760.00	500.00	
First Aid Contributions	15,800.00	16,800.00	16,262.52		537.48	
Fire Department						
Salaries and Wages	2,000.00	2,000.00	2,000.00			
Other Expenses	80,200.00	80,200.00	58,346.83	21,730.31	122.86	
Uniform Fire Safety Act						
Salaries and Wages	40,000.00	40,000.00	35,568.50		4,431.50	
Other Expenses	34,800.00	34,800.00	13,709.44	6,521.05	14,569.51	
Municipal Prosecutor						
Salaries and Wages	14,000.00	14,000.00	12,729.20		1,270.80	
Municipal Court						
Salaries and Wages	98,000.00	98,000.00	93,985.23		4,014.77	
Other Expenses	10,800.00	11,300.00	9,921.98	914.50	463.52	
Public Defender						
Salaries and Wages	4,000.00	4,000.00	3,466.00		534.00	
Other Expenses	100.00	100.00	-		100.00	
<u>PUBLIC WORKS</u>						
Road Repairs and Maintenance						
Salaries and Wages	328,000.00	328,000.00	259,524.80		68,475.20	
Other Expenses	64,000.00	64,000.00	36,313.46	5,704.77	21,981.77	

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	RESERVED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED		
OPERATIONS WITHIN "CAPS"						
<u>PUBLIC WORKS (continued)</u>						
Garbage and Trash Removal	\$	\$	\$			\$
Salaries and Wages	47,000.00	47,000.00	45,185.33			1,814.67
Other Expenses	21,000.00	21,000.00	10,017.84	4,550.45		6,431.71
Contracted (40A:4-85)	300,000.00	285,000.00	258,121.13	23,075.00		3,803.87
Public Buildings and Grounds						
Salaries and Wages						
Other Expenses	55,000.00	55,000.00	48,917.80	2,415.89		3,666.31
<u>HEALTH AND HUMAN SERVICES</u>						
Blood Borne Pathogens - Hepatitis B						
Salaries and Wages	1,800.00	2,300.00	2,236.94			63.06
Other Expenses	2,500.00	2,500.00	300.00			2,200.00
Board of Health						
Salaries and Wages	26,400.00	26,400.00	26,212.29			187.71
Other Expenses	4,000.00	4,000.00	1,900.41	438.12		1,661.47
Animal Control Services						
Other Expenses	12,000.00	12,000.00	12,000.00			
Bayshore Youth Services Bureau Contribution	1,000.00	1,000.00	750.00			
<u>PARK AND RECREATION</u>						
Recreation						
Salaries and Wages	18,750.00	22,050.00	22,047.84			2.16
Other Expenses	10,200.00	6,900.00	2,123.16	581.67		4,195.17
Senior Citizen Community Center						
Salaries and Wages	5,000.00	5,100.00	5,096.00			4.00
Other Expenses	18,400.00	18,400.00	15,307.80	1,703.60		1,388.60
Senior Citizen Transportation Contracted	4,000.00	4,000.00	2,712.64			1,287.36
Parks and Playgrounds						
Other Expenses	14,000.00	14,000.00	12,089.93			1,910.07

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	RESERVED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED		
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>OTHER COMMON OPERATING</u>						
Celebration of Public Events						
Other Expenses	\$ 2,500.00	\$ 2,500.00	\$ 2,375.00	\$	\$ 125.00	\$
Postage						
Other Expenses	20,000.00	26,000.00	23,712.46		2,287.54	
Accumulated Leave Compensation						
Salaries and Wages	13,200.00	13,200.00	13,164.00		36.00	
Salary and Wage Adjustments	18,000.00	18,000.00			18,000.00	
Uniform Construction Code - Appropriation Offset by Dedicated Revenue (N.J.A.C. 5:23-4.17)						
State Uniform Construction Code Officials						
Salaries and Wages	99,000.00	105,000.00	102,438.87		2,561.13	
Other Expenses	4,500.00	4,500.00	2,675.87	100.00	1,724.13	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Fuel for Motor Vehicles	79,000.00	87,000.00	82,599.32		4,400.68	
Telephone	45,000.00	47,000.00	41,486.63	1,891.18	3,622.19	
Street Lighting	117,700.00	117,700.00	102,978.98	11,857.01	2,864.01	
Fuel Oil	11,000.00	13,000.00	11,712.55		1,287.45	
Natural Gas	31,000.00	31,000.00	22,137.35	2,775.44	6,087.21	
Electricity	66,000.00	66,000.00	47,818.80	3,565.28	14,615.92	
Landfill Disposal Costs	250,000.00	223,000.00	191,408.62	19,475.00	12,116.38	
Total Operations Within "CAPS"	5,739,830.00	5,739,830.00	5,142,635.74	129,338.50	405,855.76	62,000.00
Contingent	500.00	500.00	-	-	500.00	
Total Operations Including Contingent Within "CAPS"	5,740,330.00	5,740,330.00	5,142,635.74	129,338.50	406,355.76	62,000.00
Detail:						
Salaries and Wages	3,128,450.00	3,142,650.00	2,935,573.76		207,076.24	
Other Expenses	2,611,880.00	2,597,680.00	2,207,061.98	129,338.50	199,279.52	

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Social Security System (O.A.S.I.)	\$ 148,000.00	\$ 148,000.00	\$ 138,308.20	\$	\$ 9,691.80
Pension Adjustment Fund	9,600.00	9,600.00	9,590.64		9.36
Total Deferred Charges and Statutory Expenditures	157,600.00	157,600.00	147,898.84		9,701.16
Total General Appropriations for Municipal Purposes Within "CAPS"	5,897,930.00	5,897,930.00	5,290,534.58	129,338.50	416,056.92
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					62,000.00
Maintenance of Free Public Library (P.L. 1975, Ch 329)	262,425.00	262,425.00	226,324.70		36,100.30
Contributions to:					
Police and Firemen's Retirement System of NJ	360,700.00	360,700.00	360,615.60		84.40
Public Employees' Retirement System	89,684.00	89,684.00	89,684.00		
Total Other Operations - Excluded from "CAPS"	712,809.00	712,809.00	676,624.30		36,184.70
<u>Interlocal Municipal Service Agreements</u>					
911 Services (County of Monmouth)	8,000.00	8,000.00	7,427.04		572.96
Other Expenses					
Recycling (Hazlet)	6,000.00	6,000.00	3,957.00		2,043.00
Other Expenses					
Police (Bayshore Task Force)	2,000.00	2,000.00	2,000.00		
Other Expenses					
Bldgs & Grounds-Board of Education	38,000.00	38,000.00	34,067.33		3,932.67
Other Expenses	78,000.00	78,000.00	76,017.00		1,983.00
Services of Regional Health Association (P.L. 1975, Ch.329)					
Total Interlocal Municipal Service Agreements	132,000.00	132,000.00	123,468.37		8,531.63

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
OPERATIONS EXCLUDED FROM "CAPS"						
<u>Public and Private Programs Offset by Revenues</u>						
Clean Communities Grant	\$ 10,285.19	\$ 10,285.19	\$ 10,285.19	\$	\$	\$
Body Armor Replacement Grant	2,023.30	2,023.30	2,023.30			
Recycling Tonnage Grant	2,304.51	2,304.51	2,304.51			
Safe and Secure Communities Program:						
State Share	26,790.00	26,790.00	26,790.00			
Local Share	51,350.00	51,350.00	51,350.00			
Office on Aging Grant						
Grant Share	36,000.00	36,000.00	36,000.00			
Local Share	55,730.00	55,730.00	55,730.00			
NJ - Division of Highway Safety - Over the Limit Under Arrest	5,000.00	10,000.00	10,000.00			
Hazardous Discharge Site Remediation fund	353,612.00	407,511.00	407,511.00			
Municipal Court Alcohol Education and Rehabilitation Enforcement Fund	3,528.66	3,528.66	3,528.66			
NJ - Division of Highway Safety - Click it or Ticket	4,000.00	4,000.00	4,000.00			
DWI Saturation Patrol	14,400.00	14,400.00	14,400.00			
Drunk Driving Enforcement Fund	3,833.60	9,559.17	9,559.17			
Municipal Drug Alliance Program						
Local Share	7,168.00	7,168.00	7,168.00			
State Share	28,674.00	28,674.00	28,674.00			
Total Public and Private Programs Offset by Revenues	604,699.26	669,323.83	669,323.83			
Total Operations Excluded from "CAPS"	1,449,508.26	1,514,132.83	1,469,416.50		44,716.33	
Detail:						
Salaries and Wages						
Other Expenses	1,449,508.26	1,514,132.83	1,469,416.50		44,716.33	

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
Municipal Debt Service Excluded from "CAPS"						
Payment of Bond Principal	255,000.00	\$ 255,000.00	255,000.00			
Payment of Bond Anticipation Notes and Capital Notes	52,000.00	52,000.00	52,000.00			
Interest on Bonds	222,655.00	222,655.00	222,655.00			696.97
Interest on Notes	145,000.00	145,000.00	144,303.03			
Total Municipal Debt Service Excluded from "CAPS"	674,655.00	674,655.00	673,958.03			696.97
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
<u>Deferred Charges</u>						
Special Emergency Authorizations 5 Years (N.J.S.A. 40A:4-55)	50,000.00	50,000.00	50,000.00			
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	64,604.00	64,604.00	64,604.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,238,767.26	2,303,391.83	2,257,978.53		44,716.33	696.97
Subtotal General Appropriations	8,136,697.26	8,201,321.83	7,548,513.11	129,338.50	460,773.25	62,696.97
Reserve for Uncollected Taxes	591,422.61	591,422.61	591,422.61			
Total General Appropriations	\$ 8,728,119.87	\$ 8,792,744.44	\$ 8,139,935.72	\$ 129,338.50	\$ 460,773.25	\$ 62,696.97
Ref.	A-2	A-2		A	A	
2008 Adopted Budget		\$ 8,728,119.87				
2008 Budget added by N.J.S. 40A:4-87		64,624.57				
		\$ 8,792,744.44				
Disbursed		\$ 6,829,189.28				
Reserve for Uncollected Taxes	A-4	591,422.61				
Deferred Charges - Special Emerg. Auth.	A-7	50,000.00				
Reserve for State & Federal Grants - Appropriated	A-9	669,323.83				
Due to Grant Fund	A-10, A-18					
Note: See Notes to Financial Statements.		\$ 8,139,935.72				

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

TRUST FUNDS
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2008 AND 2007

		December 31, 2008	December 31, 2007
<u>ASSETS</u>			
	<u>Ref.</u>		
Animal Control Fund			
Cash.....	B-1	\$ 3,207.17	\$ 2,536.87
Due From Board of Health.....	B-1	7.00	
Due from St. of NJ	B-1	1.20	
Total Animal Control Fund		<u>3,215.37</u>	<u>2,536.87</u>
Other Trust Fund			
Cash.....	B-1	613,490.05	667,089.99
Due to Current Fund.....	B-4	39.37	
Total Other Trust Fund		<u>613,529.42</u>	<u>667,089.99</u>
Open Space Trust Fund			
Cash.....	B-1	\$ 34,972.21	\$ 143,623.44
Total Open Sapce Fund		<u>\$ 34,972.21</u>	<u>\$ 143,623.44</u>
Total Trust Funds		<u>\$ 651,717.00</u>	<u>\$ 813,250.30</u>

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

TRUST FUNDS
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2008 AND 2007

		December 31, 2008	December 31, 2007
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund			
Reserve for Animal License Expen	B-2	\$ 3,215.37	\$ 2,536.87
Total Animal Control Fund		<u>3,215.37</u>	<u>2,536.87</u>
Other Trust Fund			
Due State of New Jersey -			
Fees & Licenses.....	B-3	465.00	900.00
Due to Current Fund.....	B-4		141.72
Reserve for Various Trust Activitie	B-5	<u>613,064.42</u>	<u>666,048.27</u>
Total Other Trust Fund		<u>613,529.42</u>	<u>667,089.99</u>
Open Space Trust Fund			
Reserve for Encumbrances.....	B-6	\$ 21,547.93	\$ 27,650.00
Reserve for Open Space.....	B-6	<u>13,424.28</u>	<u>115,973.44</u>
		<u>\$ 34,972.21</u>	<u>\$ 143,623.44</u>
Total Trust Funds		<u>\$ 651,717.00</u>	<u>\$ 813,250.30</u>

Note: See Notes to Financial Statements.

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2008</u>	<u>BALANCE</u> <u>DEC. 31, 2007</u>
Cash and Investments - Treasurer	C-2	\$ 1,109,355.63	\$ 1,079,382.75
Investment in Special Emergency Note	C-2	150,000.00	200,000.00
Due from State of New Jersey DEP	C-4	525,102.34	100,102.34
Due from State of New Jersey DOT	C-4	175,000.00	80,000.00
Due from C.D.B.G.	C-4		193,207.00
Due from Monmouth County	C-8		464,845.74
Due from Current Fund	C-7	613.04	546.57
Deferred Charges to Future Taxation:			
Funded	C-5	5,769,068.00	6,024,068.00
Unfunded	C-6	<u>7,657,933.00</u>	<u>6,360,865.00</u>
		<u>\$ 15,387,072.01</u>	<u>\$ 14,503,017.40</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>			
Serial Bonds	C-9	\$ 5,430,000.00	\$ 5,685,000.00
Bond Anticipation Notes	C-10	5,476,000.00	5,645,000.00
Green Trust Loan Payable	C-13	339,068.00	339,068.00
Reserve for Encumbrances	C-8	1,782,900.51	468,241.42
Improvement Authorizations:			
Funded	C-8	29,563.10	60,108.16
Unfunded	C-8	1,965,592.18	1,956,235.20
Reserve for:			
Capital Improvement Fund	C-11	46,834.69	69,834.69
Receivable and Other Assets	C-12	179,454.30	161,518.66
DEP Grant Receivable	C-12	100,102.34	100,102.34
Fund Balance	C-1	<u>37,556.89</u>	<u>17,908.93</u>
		<u>\$ 15,387,072.01</u>	<u>\$ 14,503,017.40</u>
 Authorized But Not Issued	C-14	<u>\$ 2,187,933.00</u>	<u>\$ 1,054,933.00</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, 2008

	<u>REF.</u>		
Balance - December 31, 2007	C	\$	17,908.93
Increased by:			
Premium on BANS	C-2	<u>20,547.96</u>	<u>20,547.96</u>
			38,456.89
Decreased by:			
Appropriated 2008 Current Revenue	C-2	<u>900.00</u>	<u>900.00</u>
Balance - December 31, 2008	C	\$	<u><u>37,556.89</u></u>

Note: See Notes to Financial Statements.

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY
WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007

ASSETS	REF.	BALANCE DEC. 31, 2008	BALANCE DEC. 31, 2007	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2008	BALANCE DEC. 31, 2007
Operating Fund:							
Cash and Investments - Treasurer	D-5	\$ 230,802.33	\$ 520,764.89	Operating Fund:			
				Liabilities:			
				Appropriation Reserves	D-4, D-11	\$ 85,561.00	\$ 99,923.33
				Reserve for Encumbrances	D-8	56,852.09	22,753.44
		230,802.33	520,764.89	Water and Sewer Overpayment	D-16	170.34	831.73
				Prepaid Consumer Accounts	D-17	6,120.77	207,770.66
Receivables With Full Reserves:	D-7	192,101.62	181,713.28	Accrued Int. on Bonds, Notes & Loans	D-12	28,805.77	44,043.57
Consumer Accounts Receivable							
		192,101.62	181,713.28			177,509.97	375,322.73
				Reserve for Receivables	Reserve	192,101.62	181,713.28
				Fund Balance	D- 1	53,292.36	145,442.16
Total Operating Fund		422,903.95	702,478.17	Total Operating Fund		422,903.95	702,478.17
Capital Fund:				Capital Fund:			
Cash and Investments - Treasurer	D-5	172,024.80	1,042,747.63	Serial Bonds Payable	D-13	525,000.00	615,000.00
Fixed Capital	D-9	3,674,005.39	3,674,005.39	Bond Anticipation Notes	D-14	1,708,600.00	1,735,600.00
Fixed Capital - Authorized and				Reserve for Encumbrances	D-8	48,172.21	882,878.34
Uncompleted	D-10	1,950,000.00	1,950,000.00	Improvement Authorizations			
				Funded	D-15		
				Unfunded	D-15	219,709.34	255,726.04
				Capital Improvement Fund	D-18	45,687.00	45,687.00
				Reserve for Amortization	D-19	3,149,005.39	3,059,005.39
				Reserve for Deferred Amortization	D-20	91,400.00	64,400.00
				Fund Balance	D-2	8,456.25	8,456.25
						5,796,030.19	6,666,753.02
Total Capital Fund		5,796,030.19	6,666,753.02	Total Capital Fund		5,796,030.19	6,666,753.02
		\$ 6,218,934.14	\$ 7,369,231.19			\$ 6,218,934.14	\$ 7,369,231.19

There were Bonds and Notes Authorized but not Issued at December 31, 2008 in the amount of \$150,000.00 (Exhibit D-21).

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, 2008 AND 2007**

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2008</u>	<u>YEAR 2007</u>
Fund Balance	D-3	\$ 126,000.00	\$ 110,000.00
Water and Sewer Rents	D-3	3,115,894.02	3,157,045.74
Miscellaneous	D-3	238,469.74	269,244.28
Unexpended Balance of Approp. Reserves	D-11	50,724.53	57,184.25
Cancel Excess Accrued Interest			6,021.53
		<hr/>	<hr/>
Total Revenues		3,531,088.29	3,599,495.80
		<hr/>	<hr/>
<u>EXPENDITURES</u>			
Operating:			
Salaries and Wages	D-4	645,000.00	625,000.00
Other Expenses	D-4	560,600.00	530,600.00
Bayshore Regional Sewerage Authority	D-4	1,373,000.00	1,520,000.00
Acquisition of Water	D-4	525,000.00	400,000.00
Capital Improvements			
Debt Service	D-4	207,638.09	196,400.00
Deferred Charges and Statutory Expenditures	D-4	56,000.00	48,000.00
Surplus (General Budget)	D-4	130,000.00	130,000.00
Refunds of Prior Year Revenues			14,822.56
		<hr/>	<hr/>
Total Expenditures		3,497,238.09	3,464,822.56
		<hr/>	<hr/>
Excess in Revenues		33,850.20	134,673.24
Expenditure Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			
		<hr/>	<hr/>
Statutory Excess to Fund Balance		33,850.20	134,673.24
		<hr/>	<hr/>
<u>FUND BALANCE</u>			
Balance - January 1	D	145,442.16	120,768.92
		<hr/>	<hr/>
Decreased by:			
Utilization as Anticipated Revenue	D- 1	126,000.00	110,000.00
		<hr/>	<hr/>
Balance - December 31	D	\$ 53,292.36	\$ 145,442.16
		<hr/>	<hr/>

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, 2008

	<u>REF.</u>	
Balance - December 31, 2007	D	\$ 8,456.25
Balance - December 31, 2008	D	\$ <u>8,456.25</u>

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, 2008

	<u>REF.</u>	2008 <u>BUDGET</u>	<u>REALIZED</u>	EXCESS OR <u>(DEFICIT)</u>
Operating Surplus Anticipated		\$ 126,000.00	\$ 126,000.00	\$
Water and Sewer Rents		3,150,000.00	3,115,894.02	(34,105.98)
Miscellaneous		<u>240,000.00</u>	<u>238,469.74</u>	<u>(1,530.26)</u>
		<u>\$ 3,516,000.00</u>	<u>\$ 3,480,363.76</u>	<u>\$ (35,636.24)</u>

<u>Ref.</u>	D- 4	D-1
-------------	------	-----

Analysis of Realized Revenues:

Water and Sewer Rents:

Consumer Accounts Receivable -

Collected	D-7	\$ 2,907,291.63
Overpayments Applied	D-16	831.73
Prepays Applied	D-17	<u>207,770.66</u>
	D- 3	<u>\$ 3,115,894.02</u>

Miscellaneous:

Cell Tower Leases	\$	128,608.89
Water Connection Fees		33,295.00
Sewer Connection Fees		30,397.50
Interest on Delinquent Accounts		21,798.82
Interest Earned on Deposits		3,893.09
Turn On Charges		5,750.00
Meter Charges		735.57
Pool Fill Permit		255.00
NSF Charges		420.00
Fire Connection Charges		10,499.22
Other		<u>2,816.65</u>
D-5	\$	<u>238,469.74</u>

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, 2008

	2008 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			RESERVED	UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED			
Operating:							
Salaries and Wages	\$ 650,000.00	\$ 645,000.00	\$ 607,118.34	\$	\$ 37,881.66	\$	
Other Expenses	530,600.00	560,600.00	509,821.26		33,926.65		
Bayshore Regional Sewerage Authority	1,433,000.00	1,373,000.00	1,372,667.52		332.48		
Acquisition of Water	490,000.00	525,000.00	478,487.19		6,512.81		
Debt Service:							
Payment on Bond Principal	90,000.00	90,000.00	90,000.00				
Payment on Bond Anticipation Notes	27,000.00	27,000.00	27,000.00				
Interest on Bonds	32,300.00	32,300.00	32,212.51				87.49
Interest on Notes	77,100.00	77,100.00	58,425.58				18,674.42
Statutory Expenditures:							
Contribution to:							
Public Employee's Retirement System	2,000.00	2,000.00	2,000.00				
Social Security System (O.A.S.I.)	54,000.00	54,000.00	47,092.60		6,907.40		
Surplus (General Budget)	130,000.00	130,000.00	130,000.00				
Total Water & Sewer Utility Appropriations	\$ 3,516,000.00	\$ 3,516,000.00	\$ 3,354,825.00	\$	\$ 56,852.09	\$	\$ 18,761.91
Ref.	D-3		D-1	D-1, D-8	D, D-1		
Disbursed							
D-5			\$ 3,264,186.91				
D-12			90,638.09				
Accrued Interest on Bonds, Notes and Loans			\$ 3,354,825.00				

Note: See Notes to Financial Statements.

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

PAYROLL AGENCY FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2008</u>	<u>BALANCE</u> <u>DEC. 31, 2007</u>
Cash	E-1	\$ <u>3,561.91</u>	\$ <u>3,659.87</u>
		\$ <u><u>3,561.91</u></u>	\$ <u><u>3,659.87</u></u>
 <u>LIABILITIES</u>			
Due to Current Fund	E	\$ 614.24	\$ 614.24
Payroll Deductions Payable	E-1	<u>2,947.67</u>	<u>3,045.63</u>
		\$ <u><u>3,561.91</u></u>	\$ <u><u>3,659.87</u></u>

Note: See Notes to Financial Statements.

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS - REGULATORY BASIS
DECEMBER 31, 2008 AND 2007

<u>GOVERNMENTAL FIXED ASSETS:</u>	DECEMBER 31 <u>2008</u>	DECEMBER 31 <u>2007</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	2,567,777.04	2,583,793.00
Machinery and Equipment	344,731.30	344,731.30
Office Furniture and Equipment	163,066.09	163,066.09
Other Equipment	<u>218,914.00</u>	<u>218,914.00</u>
Total Governmental Fixed Assets	<u>\$ 13,962,388.43</u>	<u>\$ 13,978,404.39</u>
Investments in Governmental Fixed Assets	<u>\$ 13,962,388.43</u>	<u>\$ 13,978,404.39</u>

Note: See Notes to Financial Statements

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2008 AND 2007

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.

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
- 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.

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

B. Description of Funds (Cont'd.)

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

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

Governmental Fixed Assets - The Governmental Fixed Assets system is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available 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.

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.

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTD.)

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

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, 2008 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, 2007 and 2006, 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, 2008 and 2007.

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.

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.

Recent Accounting Standards

GASB issued Statement No. 50, "Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27" in May 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

NOTES TO FINANCIAL STATEMENTS

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

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

Recent Accounting Standards (Cont'd)

GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets" in June 2007. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets.

GASB issued Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments" in November 2007. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" in June 2008. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments.

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 2007 financial statements to conform with classifications used in fiscal year 2008.

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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 2008</u>	<u>YEAR 2007</u>
<u>Issued:</u>		
General:		
Bonds and Notes and Loans	\$ 11,245,068.00	\$ 11,669,068.00
Water and Sewer Utility:		
Bonds and Notes	<u>2,233,600.00</u>	<u>2,350,600.00</u>
Total Issued	<u>13,478,668.00</u>	<u>14,019,668.00</u>
Net Issued	<u>13,478,668.00</u>	<u>14,019,668.00</u>
 <u>Authorized But Not Issued:</u>		
General:		
Bonds and Notes	2,187,933.00	1,054,933.00
Water and Sewer Utility:		
Bonds and Notes	<u>150,000.00</u>	<u>150,000.00</u>
Total Authorized But Not Issued	<u>2,337,933.00</u>	<u>1,204,933.00</u>
Total Bonds and Notes Issued and Authorized but not Issued	<u>\$ 15,816,601.00</u>	<u>\$ 15,224,601.00</u>

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, 2008 and 2007:

	<u>YEAR 2008</u>	<u>YEAR 2007</u>
<u>General Debt:</u>		
\$6,055,000, General Improvement Bonds of 2003 due in annual installments of \$55,000 to \$425,000 through February 2023, interest at 3.800% to 4.250%.	5,430,000.00	5,685,000.00
\$5,476,000, General Capital Bond Anticipation Notes issued on 8/8/08 due on 8/7/09, interest at 2.250%.	5,476,000.00	5,645,000.00
Green Trust Loan (CY 2007 Drawdown)	339,068.00	339,068.00
Total General Capital Debt	<u>\$ 11,245,068.00</u>	<u>\$ 11,669,068.00</u>
<u>Utility Debt:</u>		
\$1,315,000, 1994 Water and Sewer Utility Refunding Bonds due in annual installments of \$80,000 to \$120,000 through July 2013, interest at 5.350% to 5.625%.	525,000.00	615,000.00
\$1,708,600, Water and Sewer Utility Bond Anticipation Notes issued on 8/8/08 due on 8/7/09, interest at 2.250%.	1,708,600.00	1,735,600.00
Total Utility Debt	<u>2,233,600.00</u>	<u>2,350,600.00</u>
Total Debt Issued and Outstanding	<u><u>\$ 13,478,668.00</u></u>	<u><u>\$ 14,019,668.00</u></u>

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>2008</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 3,535,000.00	\$ 3,535,000.00	
Water Utility and Sewer Utility Debt	2,383,600.00	2,383,600.00	
General Debt	<u>13,433,001.00</u>	<u>214,803.36</u>	<u>\$ 13,218,197.64</u>
	<u>\$ 19,351,601.00</u>	<u>\$ 6,133,403.36</u>	<u>\$ 13,218,197.64</u>

Net Debt \$13,433,001.00 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended
 $\$763,072,932.00 = 1.73\%$

<u>2007</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 3,780,000.00	\$ 3,780,000.00	
Water Utility and Sewer Utility Debt	2,500,600.00	2,500,600.00	
General Debt	<u>12,724,001.00</u>		<u>\$ 12,724,001.00</u>
	<u>\$ 19,004,601.00</u>	<u>\$ 6,280,600.00</u>	<u>\$ 12,724,001.00</u>

Net Debt \$12,724,001.00 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended
 $\$711,891,743.00 = 1.79\%$

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

	<u>2008</u>	<u>2007</u>
3 1/2% of Equalized Valuation Basis Municipal Net Debt	<u>\$ 26,707,552.62</u> <u>13,218,197.64</u>	<u>\$ 24,916,211.01</u> <u>12,724,001.00</u>
Remaining Borrowing Power	<u>\$ 13,489,354.98</u>	<u>\$ 12,192,210.01</u>

CY 2008 Equalized Valuation Basis

2006 Equalized Valuation Basis of Real Property	\$ 708,305,946.00
2007 Equalized Valuation Basis of Real Property	785,135,680.00
2008 Equalized Valuation Basis of Real Property	<u>795,777,170.00</u>
Average Equalized Valuation	<u>\$ 763,072,932.00</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTD.)

B. Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd.)CY 2007 Equalized Valuation Basis

2005 Equalized Valuation Basis of Real Property	\$	642,233,603.00
2006 Equalized Valuation Basis of Real Property		708,305,946.00
2007 Equalized Valuation Basis of Real Property		<u>785,135,680.00</u>
Average Equalized Valuation	\$	<u><u>711,891,743.00</u></u>

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>2008</u>	<u>2007</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$ 3,480,363.76	\$ 3,536,290.02
Deductions:		
Operating & Maintenance Cost	3,159,600.00	3,138,422.56
Debt Service Per Water & Sewer Acct.	<u>207,638.09</u>	<u>196,400.00</u>
Total Deductions	<u>3,367,238.09</u>	<u>3,334,822.56</u>
Excess/(Deficit) in Revenue	\$ <u><u>113,125.67</u></u>	\$ <u><u>201,467.46</u></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>2008</u>	<u>2007</u>
Excess/(Deficit) in Revenues - Cash Basis (D-1)	\$ 33,850.20	\$ 134,673.24
Add: Capital Improvements		
Fund Balance Utilized as Anticipated Revenue in Municipal Budget	<u>130,000.00</u>	<u>130,000.00</u>
	<u>130,000.00</u>	<u>130,000.00</u>
	163,850.20	264,673.24
Less: Unexpended Balance of Appropriation Reserves	50,724.53	57,184.25
Cancel Excess Accrued Interest	<u>6,021.53</u>	<u>6,021.53</u>
	<u>50,724.53</u>	<u>63,205.78</u>
Excess/(Deficit) in Revenue	\$ <u><u>113,125.67</u></u>	\$ <u><u>201,467.46</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Note 3: 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

<u>Year</u>	<u>General</u>		<u>Water and Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2009	285,000.00	212,395.00	95,000.00	29,531.25	621,926.25
2010	285,000.00	201,565.00	100,000.00	24,187.50	610,752.50
2011	310,000.00	190,260.00	100,000.00	18,562.50	618,822.50
2012	310,000.00	178,402.50	110,000.00	12,937.50	611,340.00
2013	335,000.00	165,986.25	120,000.00	6,750.00	627,736.25
2014	335,000.00	153,005.00			488,005.00
2015	360,000.00	139,452.50			499,452.50
2016	360,000.00	125,412.50			485,412.50
2017	385,000.00	110,788.75			495,788.75
2018	385,000.00	95,388.75			480,388.75
2019	400,000.00	79,392.50			479,392.50
2020	415,000.00	62,477.50			477,477.50
2021	415,000.00	44,943.75			459,943.75
2022	425,000.00	27,093.75			452,093.75
2023	425,000.00	9,031.25			434,031.25
Totals	<u>\$ 5,430,000.00</u>	<u>\$ 1,795,595.00</u>	<u>\$ 525,000.00</u>	<u>\$ 91,968.75</u>	<u>\$ 7,842,563.75</u>

D. Bond Anticipation Notes

The Borough has issued General Capital Bond Anticipation Notes in the amount of \$5,476,000.00 and Water and Sewer Capital Bond Anticipation Notes in the amount of \$1,708,600.00, bearing and interest rate of 2.250% due on August 7, 2009.

E. Green Trust Loan

The Borough has received Green Trust Loan drawdown during the calendar year 2007. The maturity schedule and terms have not been determined as of the date of this report pending final drawdown or project completion.

NOTES TO FINANCIAL STATEMENTS

Note 4: FUND BALANCES APPROPRIATED

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

	Appropriated <u>2009</u>	Appropriated <u>2008</u>
Current Fund	\$400,000.00	\$410,000.00
Water and Sewer Utility Fund	52,000.00	126,000.00

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, 2008, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December <u>31, 2007</u>	Amount Raised <u>in 2008</u>	Amount Resulting <u>from 2008</u>	Balance December <u>31, 2008</u>
Current Fund:				
Special Emergency Authorization for Revision of Tax Map/Revaluation	<u>\$200,000</u>	<u>\$50,000</u>	<u>\$0.00</u>	<u>\$150,000</u>
	<u>\$200,000</u>	<u>\$50,000</u>	<u>\$0.00</u>	<u>\$150,000</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 statutes require 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.

NOTES TO FINANCIAL STATEMENTS

Note 7: DEPOSITS AND INVESTMENTS (CONTD.)

Deposits (Cont'd.)

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.

As of December 31, 2008 and 2007, cash and cash equivalents of the Borough on deposit and on-hand consisted of the following:

	<u>2008</u>	<u>2007</u>
Cash (Demand) Accounts	\$3,882,772.39	\$4,624,300.90
Change Funds (On Hand)	<u>525.00</u>	<u>425.00</u>
	<u>\$3,883,297.39</u>	<u>\$4,624,725.90</u>

Based upon GASB criteria, the Borough considers change funds, 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 \$3,504,223.94 and the bank balance was \$3,882,772.39. Of the bank balance, \$750,000.00 was covered by Federal depository insurance and \$3,132,772.39 was covered under the provisions of NJGUDPA.

In addition, the Borough maintains an investment in Special Emergency Notes issued by the Borough of Keyport, County of Monmouth in the amount of \$150,000 as at December 31, 2008 and \$200,000 as at December 31, 2007. The Special Emergency Notes are reported as an investment within the General Capital Fund. The Note is not included above.

At December 31, 2008, 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

NOTES TO FINANCIAL STATEMENTS

Note 7: DEPOSITS AND INVESTMENTS (CONTD.)

Deposits (Cont'd.)

- (a) 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.
- (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, 2008, 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 Township 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 Township or bonds or other obligations of school districts of which the Township 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

NOTES TO FINANCIAL STATEMENTS

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

Investments (Cont'd)

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.

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

The Borough maintains an investment in Special Emergency Notes issued by the Borough of Keyport, County of Monmouth in the amount of \$150,000 as at December 31, 2008 and \$200,000 as at December 31, 2007. The Special Emergency Notes are reported as an investment within the General Capital Fund.

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

Tax bills are prepared and mailed by the Collector of Taxes of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The NJ Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amounts delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTES TO FINANCIAL STATEMENTS

Note 9: GOVERNMENTAL FIXED ASSETS

The Borough's fixed assets are reported as follows:

	<u>Balance</u> <u>December 31, 2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>December 31, 2008</u>
Land	\$5,186,100.00			\$5,186,100.00
Buildings/ Bldg. Improvements	5,481,800.00			5,481,800.00
Motor Vehicles & Equipment	2,583,793.00	24,857.04	40,873.00	2,583,793.00
Machinery & Equipment	344,731.30			344,731.30
Office Furniture & Equipment	163,066.09			163,066.09
Other Equipment	<u>218,914.00</u>			<u>218,914.00</u>
	<u>\$13,962,388.43</u>	<u>\$24,857.04</u>	<u>\$40,873.00</u>	<u>\$13,978,404.39</u>

Note 10: PENSION AND RETIREMENT PLANS

Employees of the Borough of Keyport are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Borough who are members of the plan are not available. For 2008, the Borough contributed amounts of \$89,684.00 for PERS and \$360,615.60 for PFRS. For 2007, the Borough contributed amounts of \$55,903.00 for PERS and \$245,811.16 for PFRS.

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

Note 11: POST RETIREMENT HEALTH BENEFITS

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

Borough 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 \$326,732.93 and \$341,918.27 at December 31, 2008 and 2007, 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, 2008.

At December 31, 2007, the Property and Liability Fund reported for all years combined, total assets of \$17,169,410.00, liabilities and reserves of \$14,554,760.00, which includes liabilities recorded for reported and unreported events in the amount of \$7,646,652.00 and a fund balance for all years of \$2,614,650.

At December 31, 2007, the Workers Compensation Fund reported for all years combined, total assets of \$10,599,885.00, liabilities and reserves of \$13,332,305.00, which includes liabilities recorded for reported and unreported events in the amount of \$5,402,882.00 and a deficit fund balance for all years of \$2,732,420.00.

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.

Note 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets as of December 31, 2008:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 16,867.98	\$ 16,906.15
Trust Fund	39.37	
General Capital Fund	613.04	
Payroll Agency Fund		614.24
	<hr/>	<hr/>
Total	\$ 17,520.39	\$ 17,520.39
	<hr/>	<hr/>

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, 2008, 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 16: SUBSEQUENT EVENTS

Bond Anticipation Notes

The Borough has issued \$8,719,900 Bond Anticipation Notes maturing on August 5, 2010. The Bond Anticipation Notes issued are comprised \$7,068,300 of General Capital Fund Notes and \$1,651,600 of Water – Sewer Utility Fund Notes at a rate of 1.65%, sold on August 6, 2009.

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

PART II
SUPPLEMENTAL FINANCIAL STATEMENTS
SUPPLEMENTARY DATA
GENERAL COMMENTS AND RECOMMENDATIONS

CURRENT FUND

CURRENT FUND
SCHEDULE OF CASH

	Ref.	CURRENT FUND	
Cash Balance December 31, 2007.....	A	\$	1,246,551.59
Increased by Cash Receipts			
Miscellaneous Anticipated Revenue.....	A-2, A-8	\$	2,226,352.64
Miscellaneous Revenue Not Anticipated.....	A-2, A-8		72,501.91
Taxes Receivable.....	A-7		15,794,347.66
Due NJ Sr Citizens and Veterans Deductions.....	A-6		60,907.61
Interfunds.....	A-10, A-17		381,045.75
Various Accounts Payable & Reserves.....	A-14		48,714.80
Petty Cash Returned.....	A-5		800.00
Unappropriated Grant Reserves.....	A-19		6,877.53
Grants Receivable.....	A-16		562,918.81
Total Cash Receipts.....			19,154,466.71
Decreased by Disbursements			
Prior Year Revenue Refund.....	A-1	\$	(19,536.85)
Budget Appropriations.....	A-3		(6,829,189.28)
Appropriated Grant Reserves.....	A-18		(705,029.03)
Appropriation Reserves.....	A-11		(268,084.72)
Tax Overpayments	A-12		(1,747.36)
Taxes Payable.....	A-13		(10,646,194.79)
Interfunds.....	A-10, A-17		(430,798.19)
Various Accounts Payable & Reserves.....	A-14		(163,253.24)
Petty Cash/Change Funds Advanced.....	A-5		(900.00)
Total Cash Disbursements.....			(19,064,733.46)
Cash Balance December 31, 2008.....	A	\$	1,336,284.84

CURRENT FUND
SCHEDULE OF CHANGE PETTY CASH AND CHANGE FUNDS

	Balance December 31, 2007	Advanced	Returned	Balance December 31, 2008
Change Fund				
Tax Collector	\$ 175.00		\$	175.00
Municipal Court.....	100.00	100.00		200.00
Construction.....	50.00			50.00
Board of Health.....	50.00			50.00
Borough Clerk.....	50.00			50.00
Petty Cash Funds:				
Administration.....		200.00	200.00	
Senior Center.....		200.00	200.00	
Public Works.....		200.00	200.00	
Police.....		200.00	200.00	
	\$ 425.00	\$ 900.00	\$ 800.00	\$ 525.00
<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, 2007	A	\$	3,389.20
Increased by:			
Allowable Deductions per			
Tax Billings	A- 7	\$	60,750.00
2008 Sr. Citizens and Vet.			
Ded. Allowed by Collector	A- 7	<u>2,250.00</u>	
			<u>63,000.00</u>
			66,389.20
Decreased by:			
Collected	A- 4	60,907.61	
2008 Sr. Citizens and Vet.			
Ded. Disallowed by Collector 2008	A- 1	1,592.39	
Ded. Disallowed by Collector 2007	A- 7	<u>697.26</u>	
			<u>63,197.26</u>
Balance - December 31, 2008	A	<u>\$</u>	<u>3,191.94</u>
Analysis of Sr. Citizens & Veterans			
<u>Deductions Allowed - 2008 Taxes</u>			
Per Tax Billings	A- 7	\$	60,750.00
Allowed (Disallowed) by Tax Collector (Net)	A- 7	<u>1,552.74</u>	
	A-7	<u>\$</u>	<u>62,302.74</u>

CURRENT FUND
SCHEDULE OF PROPERTY TAXES RECEIVABLE AND LEVY ANALYSIS

	Total	CY 09 Prepaid	CY 08 Current	Prior Years Delinquent	Arrears	Tax Liens	Property Acquired for Taxes
Balance 12/31/2007.....	Ref. A	\$					
641,496.23	\$	(68,463.62)	\$	512,776.24	\$	93,831.70	\$
15,838,987.39	Res.		15,838,987.39				
86,420.89	Res.		86,420.89				
14,440.45	Res.		14,440.45				
(23,493.80)	Res.		(16,241.29)	(7,252.51)			
168.37	Res.		(7,989.23)	(273.77)		8,263.00	
	A-1					168.37	
Property Acquired for Tax.....							
Adjustments.....							
Revenue							
Sr Citizens & Vets.....							
Original Levy.....	A-6		(60,750.00)				
Allowed/Disallowed.....	A-6		(1,552.74)	1,592.39			
Cash Receipts.....	A-4	(92,500.84)	(15,188,732.56)	(506,842.35)	(6,251.91)		
Transfer from Overpayments.....	A-12						
Prepaid Applied.....		68,463.62	(68,463.62)				
Balance 12/31/2008.....	A	\$	596,099.29	\$	\$	102,263.07	\$
702,961.32	\$	(92,500.84)	\$		\$		
97,100.00							97,100.00

[illegible]

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

	12/31/07	Accrued/ Adjustments	Cash Receipts	12/31/08
Revenue Accounts Receivable:				
Licenses:				
Alcoholic Beverages		\$ 30,752.01	\$ (30,752.01)	
Other		13,240.00	(13,240.00)	
Fees and Permits				
Construction Code Fees	\$ 5,973.00	79,975.00	(82,347.00)	3,601.00
Other	1,695.00	106,182.50	(107,877.50)	-
Fines and Costs - Municipal Court	28,937.11	372,860.80	(380,458.60)	21,339.31
Interest and Costs on Taxes		118,240.35	(118,240.35)	
Interest on Deposits		44,163.40	(44,163.40)	
Anticipated Utility Surplus		130,000.00	(130,000.00)	
Cable Television Fees		23,613.00	(23,613.00)	
Payment in Lieu of Taxes:				
Senior Citizen Housing		232,398.73	(232,398.73)	
Bethany Manor Annex		69,520.00	(69,520.00)	
Reserve for Debt Service - Capital		2,000.00	(2,000.00)	
Extraordinary Aid				
Consolidated Municipal Property Tax Relief Aid		376,266.00	(376,266.00)	
Municipal Efficiency Promo Aid Program				
Energy Receipts Tax		544,907.00	(544,907.00)	
Supplemental Energy Receipts Tax				
Municipal Homeland Security Assistance Aid				
Uniform Fire Safety Act		69,669.05	(69,669.05)	
Municipal Property Tax Assistance Aid				
Interfund Liquidation - Water/Sewer Operating				
General Capital Fund Balance		900.00	(900.00)	
	<u>36,605.11</u>	<u>2,214,687.84</u>	<u>(2,226,352.64)</u>	<u>24,940.31</u>
Analysis of Miscellaneous Revenues:				
	<u>Ref.</u>	<u>A</u>	<u>Reserve</u>	<u>A</u>
Account Receivable Collections	A-2, A-4		\$ 36,605.11	
Current Year Collections	A-2, A-4		<u>2,189,747.53</u>	
Subtotal	A-2, A-4		2,226,352.64	
Grants Realized - Grant Fund	A-16		547,075.83	
Total Miscellaneous Revenues Realized	A-2		<u>\$ 2,773,428.47</u>	

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

Miscellaneous Revenues Not Anticipated:

Photocopies	\$ 702.75
Tire Recycling	70.00
Scrap Metal Recycling	6,675.00
Post Office Land Rent	1,787.50
NSF Charges	180.00
Miscellaneous	8,967.18
Interfaith Neighbor Lease	3,600.00
Postage	40.02
Liquor License Application Fee	423.32
Senior Citizen & Veteran Administrative Fee	1,218.15
Board of Health	3,260.00
NJ DMV Inspections	17,100.00
Void Municipal Court O/S Checks	220.00
Fire Arms Report	43.50
Fingerprinting	43.50
Miscellaneous - UCC	3,074.00
CBS Outdoor Billboard Lease	9,000.00
CBS Outdoor - 15% Sales Rent	6,109.75
Historical Society Rent	1.00
Bid Specs	1,300.00
Verizon FIOS Fee	427.24
Borough Developer Review/Inspection	690.00
Central Jersey Health Insurance Dividend	7,569.00

<u>Ref.</u>	A-1, A-2, A-4	<u>\$ 72,501.91</u>
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SCHEDULE OF DEFERRED CHARGES

	<u>Date Authorized</u>	<u>BALANCE DEC. 31, 2007</u>	<u>RAISED IN 2008 BUDGET</u>	<u>AMOUNT RESULTING IN 2008</u>	<u>BALANCE DEC. 31, 2008</u>
Special Emergency					
Revision of Tax Map/Revaluation	5/16/06	200,000.00	50,000.00		\$ 150,000.00
		<u>\$ 200,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ -</u>	<u>\$ 150,000.00</u>
<u>Ref.</u>	A	A-3	A-3	A-3	A

CURRENT FUND
SCHEDULE OF INTERFUNDS

	12/31/07	Cash Receipts	Cash Disbursements	Budget Revenues	Budget Appropriations	Adjustments	12/31/08
Interfunds							
General Capital Fund.....	\$ 546.57	\$ 377,066.47	\$ (427,000.00)			\$ 50,000.00	\$ 613.04
Water and Sewer Operating Fund.....		559.28	(559.28)				
Water and Sewer Capital Fund.....							
Grant Fund.....	(3,053.81)			\$ (547,075.83)	\$ 669,323.83	(135,447.93)	(16,253.74)
Trust - Other Fund.....	(141.72)	3,420.00	(3,238.91)				39.37
Total	\$ (2,648.96)	\$ 381,045.75	\$ (430,798.19)	\$ (547,075.83)	\$ 669,323.83	\$ (85,447.93)	\$ (15,601.33)
Ref.	A	A-4	A-4	A-2	A-3		A
Receivables	\$ (3,195.53)					\$	\$ (16,253.74)
Payables	546.57					652.41	
	<u>\$ (2,648.96)</u>					<u>\$</u>	<u>\$ (15,601.33)</u>
Special Emergency Note Payable	A-15					50,000.00	
Grants Appropriations Cancelled	A-1					(215.24)	
Grant Revenue Deposited in Current Fund	A-4, A-16					569,796.34	
Grant Expenditures Paid in Current Fund	A-4, A-18					(705,029.03)	
						<u>\$</u>	<u>\$ (85,447.93)</u>

SCHEDULE OF 2007 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 21, 2007</u>	<u>AMOUNT</u> <u>AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Operations Within "CAPS"				
Salaries and Wages:	\$	\$	\$	\$
Administrative and Executive	1,862.30	1,862.30		1,862.30
Mayor and Council	200.00	900.00	900.00	
Municipal Clerk	5,303.48	5,303.48		5,303.48
Financial Administration	1,985.40	1,985.40	968.00	1,017.40
Collection of Taxes	5,479.92	5,479.92	1,144.00	4,335.92
Assessment of Taxes	899.88	899.88	816.00	83.88
Planning/Zoning Board	1,210.67	1,210.67		1,210.67
Property Maintenance Code	499.88	2,499.88	2,400.00	99.88
Police Department	36,987.92	32,987.92		32,987.92
Uniform Fire Safety Act	5,074.24	5,074.24		5,074.24
Municipal Prosecutor		500.00	460.00	40.00
Municipal Court	2,103.18	3,203.18	3,148.00	55.18
Public Defender	633.27	633.27	191.00	442.27
Road Repairs and Maintenance	9,031.74	9,031.74		9,031.74
Garbage and Trash Removal	656.21	656.21	230.00	426.21
Blood Borne Pathogens - Hepatitis B	79.90	79.90		79.90
Board of Health	412.62	412.62		412.62
Recreation	86.04	86.04		86.04
Senior Citizen Community Center	1,518.30	1,518.30		1,518.30
Accumulated Leave Compensation	6,017.94	6,017.94		6,017.94
State Uniform Construction Code Officials	1,564.56	2,964.56	2,876.00	88.56
Total Salaries and Wages - Within "CAPS"	81,607.45	83,307.45	13,133.00	70,174.45
Other Expenses:				
Administrative and Executive	4,061.33	4,061.33	2,558.53	1,502.80
Mayor and Council	104.96	304.96	248.90	56.06
Municipal Clerk	4,187.99	4,187.99	4,163.32	24.67
Revision & Codification of Ordinance	3,031.20	3,031.20		3,031.20
Financial Administration	1,011.70	1,011.70	623.33	388.37

SCHEDULE OF 2007 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 21, 2007</u>	<u>AMOUNT</u> <u>AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Operations Within "CAPS"				
Other Expenses (cont'd):				
Collection of Taxes	1,743.94	1,743.94	797.59	946.35
Assessment of Taxes	2,166.24	2,166.24	671.21	1,495.03
Legal Services	71,386.44	53,286.44	26,407.42	26,879.02
Environmental Commission	310.39	310.39	168.00	142.39
Engineering Services	13,035.85	13,035.85	4,257.85	8,778.00
Keyport Historical Society Contracted	4,000.00	4,000.00		4,000.00
Planning/Zoning Board	1,323.26	3,323.26	3,120.03	203.23
Revision of Master Plan	100.00	100.00		100.00
Property Maintenance Code	981.15	981.15		981.15
Liability Insurance	868.62	868.62		868.62
Workmen's Compensation	4.35	4.35		4.35
Employee Group Insurance	19,608.80	19,608.80	100.00	19,508.80
Police Department	33,675.66	37,675.66	32,831.84	4,843.82
Police Clothing Allowance	5,089.65	5,089.65	1,811.34	3,278.31
Emergency Management Service	3,042.51	3,042.51	216.53	2,825.98
Aid to Volunteer Fire Companies	3,260.00	3,260.00	2,520.00	740.00
First Aid Contributions	101.42	101.42	100.00	1.42
Fire Department	37,391.51	37,391.51	35,783.23	1,608.28
Uniform Fire Safety Act	28,228.87	28,228.87	24,994.95	3,233.92
Municipal Court	2,007.45	2,007.45	1,309.55	697.90
Public Defender	100.00	100.00		100.00
Road Repairs and Maintenance	5,775.30	6,775.30	6,251.44	523.86
Garbage and Trash Removal	7,116.43	7,116.43	1,209.18	5,907.25
Garbage and Trash Removal - Contracted (40A:4-85)	28,259.95	28,259.95	23,250.00	5,009.95
Public Buildings and Grounds	4,615.48	4,615.48	4,177.29	438.19
Blood Borne Pathogens - Hepatitis B	625.00	625.00		625.00
Board of Health	693.26	693.26	688.42	4.84
Bayshore Youth Services Bureau	373.75	373.75	358.75	15.00
Recreation	2,104.48	2,104.48	1,445.60	658.88
Senior Citizen Community Center	6,471.64	6,471.64	2,176.49	4,295.15

SCHEDULE OF 2007 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 21, 2007</u>	<u>AMOUNT</u> <u>AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Operations Within "CAPS"				
Other Expenses (cont'd):				
Senior Citizen Transportation Contracted	496.15	1,196.15	1,184.40	11.75
Parks and Playgrounds	3,616.47	3,616.47		3,616.47
Celebration of Public Events	18.68	18.68		18.68
Postage	4,709.09	4,709.09	254.98	4,454.11
State Uniform Construction Code Officials	1,712.10	1,712.10	888.39	823.71
Fuel for Motor Vehicles	6,567.88	6,567.88	5,964.37	603.51
Telephone	3,280.43	3,780.43	3,769.96	10.47
Street Lighting	8,237.40	9,237.40	9,186.52	50.88
Fuel Oil	305.78	1,805.78	1,790.83	14.95
Natural Gas	4,773.21	7,373.21	7,362.94	10.27
Electricity	8,269.11	8,269.11	6,365.98	1,903.13
Landfill Disposal Costs	33,063.19	33,063.19	17,485.74	15,577.45
Contingent	500.00	500.00		500.00
Contribution to Social Security Systems (O.A.S.I.)	7,483.07	7,483.07	309.96	7,173.11
Pension Adjustment Fund	79.00	79.00		79.00
Total Other Expenses - Within "CAPS"	379,970.14	375,370.14	236,804.86	138,565.28
Total Appropriation Reserves - Within "CAPS"	461,577.59	458,677.59	249,937.86	208,739.73
Operations Excluded from "CAPS"				
Other Expenses:				
Maintenance of Free Public Library (P.L. 1985, Ch 541)	757.12	757.12	600.00	157.12
Municipal Services Act	20,000.00	20,000.00	4,580.00	15,420.00
Contributions to Police and Firemen's Retirement System	88.84	88.84		88.84
Public Employees' Retirement System	97.00	97.00		97.00
911 Services (County of Monmouth)	1,980.13	1,980.13		1,980.13
Recycling (Hazlet)	1,365.00	3,165.00	3,100.80	64.20

SCHEDULE OF 2007 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 21, 2007</u>	<u>AMOUNT</u> <u>AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Operations Excluded from "CAPS"				
Other Expenses (cont'd):				
Public Building & Grounds (Keyport Board of Education)	6,204.64	6,204.64	6,194.06	10.58
Monmouth County Regional Health II (P.L. 1975, Ch 329)	114.99	114.99		114.99
Acquisition of Leaf Dumpsters	2,651.00	3,751.00	3,672.00	79.00
Total Other Expenses Excluded from "CAPS"	33,258.72	36,158.72	18,146.86	18,011.86
Total Appropriation Reserves - Excluded from "CAPS"	33,258.72	36,158.72	18,146.86	18,011.86
Total Appropriation Reserves	\$ 494,836.31	\$ 494,836.31	\$ 268,084.72	\$ 226,751.59
	A		A-4	A-1
2007 Appropriation Reserves	\$ 319,425.08			
Reserve for Encumbrances	175,411.23			
	\$ 494,836.31			

Ref.

A

A

CURRENT FUND
SCHEDULE OF PROPERTY TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance - December 31, 2007.....	A	\$ 1,747.36
Decreased By:		
Overpayments Refunded	A-7	<u>1,747.36</u>
Balance - December 31, 2008.....	A	<u>\$ -</u>

CURRENT FUND
SCHEDULE OF TAXES PAYABLE

	12/31/07	Taxes Levied	Cash Disbursements	Adjustments	12/31/08
County Taxes Payable.....		\$ 1,875,719.26	\$ (1,875,719.26)		
County - Added and Omitted.....	\$ 9,231.75	10,299.89	(9,231.75)		\$ 10,299.89
Municipal Open Space Tax Payable.....		82,825.78	(82,825.78)		
Local School District Taxes.....	(1.00)	8,528,422.50	(8,528,418.00)		3.50
Business Improvement District Taxes		150,000.00	(150,000.00)		
Total.....	\$ 9,230.75	\$ 10,647,267.43	\$ (10,646,194.79)	\$ -	\$ 10,303.39
<u>Ref.</u>	A	A-1, A-7	A-4	A-8	A

CURRENT FUND
SCHEDULE OF VARIOUS ACCOUNTS PAYABLES & RESERVES

	12/31/07	Cash Receipts	Cash Disbursements	Adjustments	12/31/08
Accounts Payable:					
Vendor Accounts Payable.....	\$ 4,220.00		\$ (4,220.00)		\$ -
Subtotal	4,220.00		(4,220.00)		
Reserve for:					
Senior Programs.....	20,346.48	48,714.80	(43,570.84)		25,490.44
Tax Appeals.....				95,000.00	95,000.00
Reserve for Tax Map/Revaluation.....	235,116.89		(115,462.40)		119,654.49
Subtotal	255,463.37	48,714.80	(159,033.24)	95,000.00	240,144.93
Total.....	\$ 259,683.37	\$ 48,714.80	\$ (163,253.24)	\$ 95,000.00	\$ 240,144.93
Ref.	A	A-4	A-4	A-7	A

SCHEDULE OF SPECIAL EMERGENCY NOTE PAYABLE

ORD# NO.	IMPROVEMENT DESCRIPTION	ORIGINAL DATE ISSUED	DATE OF ISSUE	MATURITY DATE	INTEREST RATE	BALANCE DEC. 31, 2007	INCREASE	DECREASE	BALANCE DEC. 31, 2008
8-06	Revision of Tax Map/Revaluation	12/20/06	12/20/06	12/20/07	0.00%	\$ 200,000.00		\$ 50,000.00	\$ 150,000.00
						<u>\$ 200,000.00</u>	<u>\$ -</u>	<u>\$ 50,000.00</u>	<u>\$ 150,000.00</u>
						A		A-3	A
		<u>Ref.</u>							

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

GRANT FUND

<u>GRANT</u>	<u>2008 BUDGET</u>		<u>COLLECTED</u> <u>2008</u>	<u>UNAPPROPRIATED</u> <u>REALIZED</u>	<u>BALANCE</u> <u>DEC. 31, 2008</u>
	<u>BALANCE</u> <u>DEC. 31, 2007</u>	<u>REVENUE</u> <u>REALIZED</u>			
Municipal Drug Alliance Grant	\$ 19,194.92	\$ 28,674.00	\$ 30,407.92	\$	\$ 17,461.00
Office on Aging	36,000.00	36,000.00	36,000.00		36,000.00
Safe and Secure Communities Program	16,954.00	26,790.00	29,053.00		14,691.00
Federal Bulletproof Vest Program	15,992.26				15,992.26
NJ DEP Hazardous Discharge Site Remediation		407,511.00	407,511.00		
Recycling Tonnage Grant		2,304.51		2,304.51	
Body Armor Replacement Grant		2,023.30		2,023.30	
Drunk Driving Enforcement Fund		9,559.17	9,559.17		
Clean Communities		10,285.19	9,432.53	852.66	
Alcohol Education and Rehabilitation		3,528.66	2,570.19	958.47	
Municipal Stormwater Regulation Program	4,234.00		4,234.00		60,000.00
Monmouth Cty Open Space - Therese Ave Park	60,000.00				42,000.00
Monmouth Cty Open Space - Beach Park	42,000.00				1,450.00
DWI Saturation Patrol Grant	1,400.00	6,400.00	6,350.00		3,000.00
Community Forestry Management Plan	3,000.00				90,143.00
Neighborhood Preservation - Balanced Housing	108,944.00		18,801.00		5,000.00
NJ Hwy Safety - Over Limit Year End Crackdown		5,000.00			
NJ Hwy Safety - Click it or Ticket		4,000.00	4,000.00		
NJ Hwy Safety - Over the Limit Under Arrest		5,000.00	5,000.00		
	<u>\$ 307,719.18</u>	<u>\$ 547,075.83</u>	<u>\$ 562,918.81</u>	<u>\$ 6,138.94</u>	<u>\$ 285,737.26</u>

Ref.

A

A-2, A-17

A-4

A-19

A

SCHEDULE OF DUE CURRENT FUND
GRANT FUND

	<u>Ref.</u>		
Balance December 31, 2007 - Due To	A	\$	3,053.81
Increased By:			
Grant Appropriations Cancelled	A-18	\$	215.24
2008 Budget Revenue	A-16		547,075.83
Grant Expenditures Paid in Current Fund	A-18		<u>705,029.03</u>
			1,252,320.10
Decreased By:			
2008 Budget Appropriations	A-18		669,323.83
Grant Revenue Deposited in Current Fund	A-16,A-19		<u>569,796.34</u>
			<u>1,239,120.17</u>
Balance December 31, 2008 - Due To	A	\$	<u><u>16,253.74</u></u>

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

GRANT/AID PROGRAM	BALANCE		ENC.		TRANSFERRED		PAID OR		ENC.		ADJUSTMENTS/		BALANCE	
	DEC. 31, 2007	\$	DEC. 31, 2007	\$	FROM 2008	\$	CHARGED	\$	DEC. 31, 2008	\$	CANCELLED	\$	DEC. 31, 2008	\$
Alcohol Education and Rehabilitation	2,224.33	\$	13,273.69	\$	3,528.66	\$	850.00	\$	14,782.95	\$	90.24	\$	4,902.99	\$
Municipal Drug Alliance	2,132.69				35,842.00		35,808.34						566.85	
Monmouth County Open Space - Therese Av Park	60,000.00						60,000.00							
Monmouth County Open Space - Beach Park	42,000.00						40,909.86		1,090.14					
Police Charitable Bequest	2,775.02						2,775.02							
Drunk Driving Enforcement Fund	14,925.25				9,559.17		19,737.14							
Recycling Tonnage Grant	2,192.57				2,304.51									
Clean Communities Program	1,438.68		1,000.00		10,285.19		10,499.63		400.00					
Safe and Secure Communities Program	9,684.00				78,140.00		78,894.00							
Office on Aging	1,543.00		932.50		91,730.00		92,758.26		1,122.24		125.00			
Body Armor Replacement Grant	2,513.46				2,023.30		813.00							
Federal DOJ Bulletproof Vest Program	12,138.28													
Neighborhood Preservation Program	122,058.45								33.69					
US Homeland Security Grant	3,294.51						35,990.45							
NJ Hwy Safety - Over Limit Under Arrest					10,000.00		5,000.00							
NJ Hwy Safety - Click it or Ticket					4,000.00		4,000.00							
NJ DEP Hazardous Discharge Site Remediation					407,511.00		310,063.33		36,120.32					
DWI Saturation Patrol	1,400.00				14,400.00		6,930.00							
Community Forestry Management Plan	3,000.00													
	<u>283,320.24</u>	<u>\$</u>	<u>15,206.19</u>		<u>669,323.83</u>	<u>\$</u>	<u>705,029.03</u>	<u>\$</u>	<u>53,549.34</u>	<u>\$</u>	<u>215.24</u>	<u>\$</u>	<u>209,056.65</u>	
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</u> <u>DEC. 31, 2007</u>	<u>RECEIPTS</u>	<u>APPLIED TO</u> <u>STATE & FED</u> <u>GRANTS</u> <u>RECEIVABLE</u>	<u>BALANCE</u> <u>DEC. 31, 2008</u>
Alcohol Education and Rehab. Program	\$ 958.47	\$ -	\$ 958.47	\$ -
Recycling Tonnage Grant	2,304.51	5,025.40	2,304.51	5,025.40
Body Armor Replacement Grant	2,023.30	1,852.13	2,023.30	1,852.13
Clean Communities Grant	852.66		852.66	
	<u>\$ 6,138.94</u>	<u>\$ 6,877.53</u>	<u>\$ 6,138.94</u>	<u>\$ 6,877.53</u>
<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, 2007		\$ 2,536.87	\$ 667,089.99	\$ 143,623.44
Increased by Receipts:				
Animal Control Fees	B-2	\$ 4,607.80		
Budget Appropriation	B-2	12,000.00		
Interfunds	B-4		\$3,238.91	
Receipts of Various Trust Fund				
Deposits & Reserves	B-5		332,294.70	
Tax Levy	B-6			82,825.78
Interest on Deposits/Miscellaneous	B-6			6,150.51
State Fees	B-3		2,175.00	
		<u>16,607.80</u>	<u>337,708.61</u>	<u>88,976.29</u>
Decreased by Disbursements:				
Expenditures for Animal Control	B-2	15,937.50		
Expenditures for Open Space	B-6		1,004,798.60	232,599.73
Interfunds	B-4		3,420.00	197,627.52
Due to the State of New Jersey	B-3		2,610.00	
Disbursements of Various Trust Fund				
Deposits & Reserves	B-5		385,278.55	
		<u>15,937.50</u>	<u>391,308.55</u>	<u>197,627.52</u>
Balance - December 31, 2008		<u>\$ 3,207.17</u>	<u>\$ 613,490.05</u>	<u>\$ 34,972.21</u>

ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance December 31, 2007	B	\$	2,536.87
Increased by:			
Dog and Cat Licenses	B-1	\$	4,607.80
Budget Appropriation	B-1		12,000.00
Due from Board of Health	Res.		7.00
Due from State of NJ	Res.		1.20
			<u>16,616.00</u>
			19,152.87
Decreased by:			
Expenditures	B-1		<u>15,937.50</u>
Balance December 31, 2008	B	\$	<u><u>3,215.37</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2007	B	\$	900.00
Increased by:			
State Fees Collected	B-1		<u>2,175.00</u>
			3,075.00
Decreased by:			
Payments to State of New Jersey	B-1		<u>2,610.00</u>
Balance December 31, 2008	B	\$	<u><u>465.00</u></u>

OTHER TRUST FUNDS
DUE CURRENT FUND

	<u>Ref.</u>	
Balance December 31, 2007 (Due to)	B	\$ 141.72
Increased by:		
Cash Receipts	B-1	<u>3,238.91</u>
		3,380.63
Decreased by:		
Cash Disbursements	B-1	<u>3,420.00</u>
Balance December 31, 2008 (Due from)	B	<u>\$ (39.37)</u>

OTHER TRUST FUNDS
SCHEDULE OF TRUST FUND DEPOSITS AND RESERVES

	Balance December 31, 2007	Cash..... Receipts	Disbursements	Balance December 31, 2008
Cellular Tower Lease	\$ 6,267.02			\$ 6,267.02
Premium on Tax Sale	105,502.00		\$ 32,600.00	72,902.00
Welcome Center	100.00			100.00
Contractor Deposits	45,598.46			45,598.46
Interest on Contractor Deposits	13,602.68			13,602.68
Cash Repair Deposits	38,430.00	744.00	250.00	38,924.00
POAA	2,789.09	660.00	1,425.18	2,023.91
Public Defender Fees	2,435.75	6,344.00	1,650.00	7,129.75
Municipal Drug Alliance	6,883.99		40.49	6,843.50
Tax Title Lien Redemptions	979.32	104,130.90	103,177.49	1,932.73
Construction Debris Deposits	9,003.00	1,750.00	650.00	10,103.00
Material Disposition	350.00			350.00
Law Enforcement Trust	6,000.10	4,520.69	4,387.98	6,132.81
Developer's Escrow Deposits	359,813.37	69,789.11	114,541.41	315,061.07
Bayfront Improvements	34,920.39	50,395.07	48,348.23	36,967.23
Recreation Commission	11,477.85	25,551.94	24,924.27	12,105.52
Unemployment	21,895.25	20,618.05	20,894.67	21,618.63
Donations - Maint. & Beautification	-	6,181.44	3,692.56	2,488.88
Reserve for Recreation Events		41,609.50	28,696.27	12,913.23
Total	\$ 666,048.27	\$ 332,294.70	\$ 385,278.55	\$ 613,064.42
<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, 2007	B		\$ 115,973.44
Increased by:			
Res. For Encumbrances - Beg.	B	27,650.00	
Cash Receipts	B-1	<u>88,976.29</u>	
			<u>116,626.29</u>
			232,599.73
Decreased by:			
Res. For Encumbrances - Beg.	B	21,547.93	
Cash Disbursement	B-1	<u>197,627.52</u>	
			<u>219,175.45</u>
Balance December 31, 2008	B		<u><u>\$ 13,424.28</u></u>

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL FUND CASH
AND INVESTMENTS - TREASURER

	<u>REF.</u>	
Balance - December 31, 2007	C	\$ 1,079,382.75
Increased by Receipts:		
Various Grants and Other Receivables	C-4	\$ 273,207.00
Premium Received on Sale of Notes	C-1	20,547.96
Budget Appropriations - Note Paydowns	C-6	129,932.00
Interfunds	C-7	646,293.16
Budget Appropriations - Capital Improvement Fund	C-11	
Various Reserves	C-12	19,935.64
Due from Monmouth County	C	464,845.74
Reimbursement Improvement Authorizations	C-8	157,168.27
Proceeds from Sale of Bond Anticip. Notes	C-10	<u>5,476,000.00</u>
		<u>7,187,929.77</u>
		8,267,312.52
Decreased by Disbursements:		
Improvement Authorizations	C-8	913,697.26
Interfunds	C-7	596,359.63
Anticipated as Current Revenue	C-1	900.00
Various Reserves	C-12	2,000.00
Redemption of Bond Anticip. Notes	C-10	<u>5,645,000.00</u>
		<u>7,157,956.89</u>
Balance - December 31, 2008	C, C-3	<u><u>\$ 1,109,355.63</u></u>
Cash & Investments	C	\$ 1,109,355.63
Investment in Special Emergency Note	C	<u>150,000.00</u>
		<u><u>\$ 1,259,355.63</u></u>

GENERAL CAPITAL
SCHEDULE OF ANALYSIS OF CASH

Ord.	Description	Ref	Deferred Charges	Ordinance Balance	Notes Outstanding	Other	Cash Balance
21-96, 06-04	Improvements to Various Roads.....		\$ (60,500.00)	\$	\$ 60,500.00		\$ -
21-99, 23-00	Construction of Municipal Building and Other.....						
12-03	Related Expenses.....		(926,000.00)	16,725.10	926,000.00		16,725.10
10-01	Various Capital Improvements.....			75.30			75.30
28-02	Acquisition of Fire Trucks, Equipment and Non-Passenger Vehicles.....		(100.00)	2,891.15			2,791.15
32-02	Road Improvements.....			9,696.65			9,696.65
8-03, 5-04	Improvements to Therese Street.....		(408,500.00)	42,247.55	368,500.00		2,247.55
13-03	Construction of a Public Works Complex.....		(805,500.00)	712,941.24	45,000.00		(47,558.76)
20-03, 12-04	Improvements to Atlantic Street.....		(516,000.00)	148,048.31	416,000.00		48,048.31
26-03	Various 2003 Capital Improvements.....		(144,760.00)	52.01	144,500.00		(207.99)
28-03	Improvements to Benjamin Terry Park Bulkhead.....		(89,000.00)	54,201.43	35,000.00		201.43
11-04	Replacement of William A. Ralph Pier.....		(421,000.00)	61,828.76	421,000.00		61,828.76
14-04, 22-05	Construction of Waterfront Park.....		(1,299,000.00)	161,213.36	1,299,000.00		161,213.36
08-05	Reconstruction of Third Street.....		(372,573.00)	42,549.09	372,500.00		42,476.09
25-05, 04-06	Replacement of Borough Hall Roof.....		(427,500.00)	96,983.95	327,500.00		(3,016.05)
27-05	Preliminary Planning for Redevelopment Project.....		(142,500.00)	24,170.10	142,500.00		24,170.10
09-06	Reconstruction of Warren St & Colucco Place & Drainage Impls to Green Grove Ave.....		(369,000.00)	167.10	369,000.00		167.10
07-07	Improvements to Cedar Street.....		(243,000.00)	41,239.21	243,000.00		41,239.21
09-08	Improvements Beers Street.....		(300,000.00)	5,962.97	300,000.00		5,962.97
23-08	Waterfront Park and Related Improvements.....		(825,000.00)	249,162.00			(575,838.00)
25-08	Various Capital Improvements.....		(308,000.00)	325,000.00			17,000.00
Reserve for Encumbrances.....		C-8		1,782,900.51		(150,000.00)	1,782,900.51
Investment in Special Emergency Note.....		C				(150,000.00)	(150,000.00)
Excess BAN Cash		C-6			6,000.00		6,000.00
State & Federal Grants Receivable.....		C-4				(600,000.00)	(600,000.00)
Due from Current Fund.....		C-7				(613.04)	(613.04)
Capital Improvement Fund.....		C-11				46,834.69	46,834.69
Fund Balance.....		C-1				37,556.89	37,556.89
Reserve for:							
Pay Debt Service.....		C-12				114,701.02	114,701.02
Drainage Improvements.....		C-12				11,496.00	11,496.00
Infrastructure Improvements.....		C-12				53,257.28	53,257.28
Total.....		Ref.	\$ (7,657,933.00)	\$ 3,778,055.79	\$ 5,476,000.00	\$ (486,767.16)	\$ 1,109,355.63
			C,C-6	C,C-8	C,C-10	C,C-2	

SCHEDULE OF VARIOUS GRANTS, LOANS AND OTHER RECEIVABLES

		Ordinance Number	Balance December 31, 2007	Increases	Decreases	Balance December 31, 2008
State & Federal Grant Receivables:						
State of NJ DOT:						
Improvements to Washington Street		32-02	\$ 42,500.00	\$	42,500.00	\$
Reconstruction of Warren St & Coluco Place		09-06	37,500.00		37,500.00	
& Drainage Impts to Green Grove Ave.		09-08		175,000.00		175,000.00
Beers Street Improvements						
Subtotal			80,000.00	175,000.00	80,000.00	175,000.00
State of NJ DEP:						
Replacement of William A. Ralph Pier		11-04	100,102.34			100,102.34
Waterfront Park and Related Improvements		23-08		425,000.00		425,000.00
Subtotal			100,102.34	425,000.00		525,102.34
CDBG:						
Improvements to Cedar Street		07-07	193,207.00		193,207.00	
Subtotal			193,207.00		193,207.00	
			\$ 373,309.34	\$ 600,000.00	\$ 273,207.00	\$ 700,102.34
Ref.			C			C
Cash Transactions		C - 2	\$	\$	273,207.00	
Improvement Authorizations		C - 8		600,000.00		
			\$	600,000.00	\$ 273,207.00	

SCHEDULE OF DEFERRED CHARGES - FUNDED

	<u>Ref.</u>	
Balance - December 31, 2007	C	\$ 6,024,068.00
Decreased by:		
Serial Bonds From Budget Appropriation	C-9	255,000.00
		<hr/>
Balance - December 31, 2008	C	<u><u>\$ 5,769,068.00</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ANALYSIS OF BALANCE
DECEMBER 31, 2008

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2007	2008 AUTHOR.	2008 FUNDING	BALANCE DEC. 31, 2008	BOND ANTICIPATION NOTES	EXPENDED	UNEXPENDED BALANCE IMPROV. AUTHOR.
<u>General Improvements:</u>								
21-96	Improvements to Various Roads	\$ 62,500.00	\$	\$ 2,000.00	\$ 60,500.00	\$	\$	
21-99, 23-00	Construction of Municipal Building and Other Related Expenses	939,000.00		13,000.00	926,000.00			
12-03	Acquisition of Fire Trucks, Equipment and Non-Passenger Vehicles	100.00			100.00			100.00
8-03, 5-04	Improvements to Therese Street	418,500.00		10,000.00	408,500.00	368,500.00		40,000.00
15-03	Construction of a Public Works Complex	807,500.00		2,000.00	805,500.00	45,000.00	47,558.76	712,941.24
20-03, 12-04	Improvements to Atlantic Street	528,000.00		12,000.00	516,000.00	416,000.00		100,000.00
26-03	Various 2003 Capital Improvements	154,760.00		10,000.00	144,760.00	144,500.00	207.99	52.01
28-03	Improvements to Benjamin Terry Park Bulkhead	92,000.00		3,000.00	89,000.00	35,000.00		54,000.00
11-04	Replacement of William A. Ralph Pier	465,932.00		44,932.00	421,000.00	421,000.00		
14-04, 22-05	Construction of Waterfront Park	1,332,000.00		33,000.00	1,299,000.00	1,299,000.00		
08-05	Reconstruction of Third Street	372,573.00			372,573.00	372,500.00		73.00
25-05, 04-06	Replacement of Borough Hall Roof	427,500.00			427,500.00	327,500.00	3,016.05	96,983.95
27-05	Preliminary Planning for Redevelopment Project	142,500.00			142,500.00	142,500.00		
09-06, 17-08, 18-08	Reconstruction of Warren St & Colucco Place & Drainage Impts to Green Grove Ave.	375,000.00		6,000.00	369,000.00	369,000.00		
07-07	Improvements to Cedar Street	243,000.00			243,000.00	243,000.00		
09-08	Beers Street Improvement		300,000.00		300,000.00	300,000.00		
23-08	Waterfront Park and Related Improvements		825,000.00		825,000.00		575,838.00	249,162.00
25-08	Various Capital Improvements		308,000.00		308,000.00			308,000.00
		<u>\$ 6,360,865.00</u>	<u>\$ 1,433,000.00</u>	<u>\$ 135,932.00</u>	<u>\$ 7,657,933.00</u>	<u>\$ 5,470,000.00</u>	<u>\$ 626,620.80</u>	<u>\$ 1,561,312.20</u>
	Ref.	C	C-8	C				
	Budget Appropriations/ Open Space			\$ 129,932.00				
	Capital Improvement Fund			<u>6,000.00</u>				
				<u>\$ 135,932.00</u>				
	Excess Note Cash - Ord. No. 18-08					\$ 6,000.00		
	Bond Anticipation Notes Outstanding December 31, 2008					\$ 5,476,000.00		

Exhibit C-6

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Improvement Authorization Balance - Unfunded:

Less: Unexpended BAN Cash
Ord # 12-03
Ord # 05-04
Ord # 12-04
Ord # 28-03
Ord # 11-04
Ord # 14-04, 22-05
Ord # 27-05
Ord # 27-05
Ord # 27-05
Ord # 09-06
Ord # 09-08

\$ 1,965,592.18

(16,725.10)
(2,247.55)
(48,048.31)
(201.43)
(61,828.76)
(161,213.36)
(42,476.09)
(24,170.10)
(167.10)
(41,239.21)
(5,962.97)

\$ 1,561,312.20

SCHEDULE OF INTERFUNDS
GENERAL CAPITAL FUND

	BALANCE DEC. 31, 2007	INCREASES	DECREASES	BALANCE DEC. 31, 2008
Due Current Fund	\$ (546.57)	\$ 646,293.16	\$ 646,359.63	(613.04)
Due Water & Sewer Operating Fund		98,694.63	98,694.63	
Due Water & Sewer Capital Fund		1,708,600.00	1,708,600.00	
Open Space Trust Fund		165,838.39	165,838.39	
	<u>\$ (546.57)</u>	<u>\$ 2,619,426.18</u>	<u>\$ 2,619,492.65</u>	<u>\$ (613.04)</u>
Ref.	C			C
Receivables	\$ (546.57)			\$ (613.04)
Payables	<u>-</u>			<u>-</u>
	<u>\$ (5,376.39)</u>			<u>\$ (613.04)</u>
Investment in Special Emergency Note				
Cash Receipts		646,293.16	50,000.00	
Cash Disbursements			596,359.63	
Interfunds - Contra		<u>1,973,133.02</u>	<u>1,973,133.02</u>	
		<u>\$ 2,619,426.18</u>	<u>\$ 2,619,492.65</u>	

[illegible]

SCHEDULE OF GENERAL SERIAL BONDS

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2008</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2007</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2008</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Various Improvements	2/15/03	6,055,000.00	2/15/09	285,000.00	3.800%			
			2/15/10	285,000.00	3.800%			
			2/15/11	310,000.00	3.800%			
			2/15/12	310,000.00	3.850%			
			2/15/13	335,000.00	3.850%			
			2/15/14	335,000.00	3.900%			
			2/15/15	360,000.00	3.900%			
			2/15/16	360,000.00	3.900%			
			2/15/17	385,000.00	3.950%			
			2/15/18	385,000.00	4.050%			
			2/15/19	400,000.00	4.100%			
			2/15/20	415,000.00	4.200%			
			2/15/21	415,000.00	4.250%			
			2/15/22	425,000.00	4.250%			
			2/15/23	425,000.00	4.250%			
						5,685,000.00	255,000.00	5,430,000.00
						<u>5,940,000.00</u>	<u>255,000.00</u>	<u>5,430,000.00</u>
						<u>\$</u>	<u>\$</u>	<u>\$</u>
						C	C-5	C
						<u>Ref.</u>		

SCHEDULE OF BOND ANTICIPATION NOTES

ORD. NO.	IMPROVEMENT DESCRIPTION	ORIGINAL			INTEREST RATE	BALANCE DEC. 31, 2007	INCREASE	DECREASE	BALANCE DEC. 31, 2008
		DATE ISSUED	DATE OF ISSUE	MATURITY DATE					
08-03, 05-04	Improvements to Therese Street	2/17/04	8/8/08	8/7/09	2.250%	\$ 378,500.00	\$ 368,500.00	\$ 378,500.00	\$ 368,500.00
12-03	Construction of Municipal Building	2/17/04	8/8/08	8/7/09	2.250%	939,000.00	926,000.00	939,000.00	926,000.00
15-03	Construction of Public Works Complex	2/17/04	8/8/08	8/7/09	2.250%	47,000.00	45,000.00	47,000.00	45,000.00
20-03, 12-04	Improvements to Atlantic Street	2/17/04	8/8/08	8/7/09	2.250%	428,000.00	416,000.00	428,000.00	416,000.00
26-03	Various 2003 Capital Improvements	2/17/04	8/8/08	8/7/09	2.250%	154,500.00	144,500.00	154,500.00	144,500.00
28-03	Improvements to Benjamin Terry Park Bulkhead	2/17/04	8/8/08	8/7/09	2.250%	38,000.00	35,000.00	38,000.00	35,000.00
11-04	Replacement of William A. Ralph Pier	8/12/04	8/8/08	8/7/09	2.250%	805,000.00	421,000.00	805,000.00	421,000.00
21-96, 06-04	Improvements to Various Roads	8/12/04	8/8/08	8/7/09	2.250%	62,500.00	60,500.00	62,500.00	60,500.00
14-04, 22-05	Waterfront Park/Bulkhead Improvements	8/11/05 8/10/06	8/8/08 8/8/08	8/7/09 8/7/09	2.250% 2.250%	952,000.00 380,000.00	919,000.00 380,000.00	952,000.00 380,000.00	919,000.00 380,000.00
08-05	Reconstruction of Third Street	8/10/06	8/8/08	8/7/09	2.250%	372,500.00	372,500.00	372,500.00	372,500.00
25-05, 04-06	Replacement of Borough Hall Roof	8/10/06	8/8/08	8/7/09	2.250%	327,500.00	327,500.00	327,500.00	327,500.00
27-05	Preliminary Planning - Redevelopment	8/10/06	8/8/08	8/7/09	2.250%	142,500.00	142,500.00	142,500.00	142,500.00
09-06	Reconst. Warren Pl. & Collucco Pl. and Green Grove Drainage Impts	8/10/06	8/8/08	8/7/09	2.250%	375,000.00	375,000.00	375,000.00	375,000.00
07-07	Improvements to Cedar Street	8/9/07	8/8/08	8/7/09	2.250%	243,000.00	243,000.00	243,000.00	243,000.00
09-08	Improvements Beers Street	8/8/08	8/8/08	8/7/09	2.250%		300,000.00		300,000.00
						<u>\$ 5,645,000.00</u>	<u>\$ 5,476,000.00</u>	<u>\$ 5,645,000.00</u>	<u>\$ 5,476,000.00</u>
						C	C-2	C-2	C

Ref.

**SCHEDULE OF RESERVE FOR
CAPITAL IMPROVEMENT FUND**

	<u>REF.</u>	
Balance - December 31, 2007	C	\$ 69,834.69
Decreased by:		
Appropriated to Finance Improvement Authorizations	C - 8	<u>23,000.00</u>
Balance - December 31, 2008	C	<u><u>\$ 46,834.69</u></u>

SCHEDULE OF VARIOUS RESERVES

	Balance December 31, 2007	Increases (Decreases)	Balance December 31, 2008
Reserve for:			
Cash or Appropriated Reserves:			
Pay Debt Service	\$ 115,022.66	\$ (321.64)	\$ 114,701.02
Drainage Improvements	11,496.00		11,496.00
Reserve for Infrastructure Improvements	35,000.00	18,257.28	53,257.28
Subtotal	<u>161,518.66</u>	<u>17,935.64</u>	<u>179,454.30</u>
Grants, Loans & Other Receivables:			
State of NJ DEP:			
Replacement of William A. Ralph Pier	100,102.34		100,102.34
Subtotal	<u>100,102.34</u>		<u>100,102.34</u>
	<u>\$ 261,621.00</u>	<u>\$ 17,935.64</u>	<u>\$ 279,556.64</u>
<u>Ref.</u>	C	C	C
Cash Receipts	\$	19,935.64	
Cash Disbursements		<u>(2,000.00)</u>	
	\$	<u>17,935.64</u>	

SCHEDULE OF GREEN TRUST LOAN PAYABLE

	<u>Ref.</u>	
Balance - December 31, 2007	C	<u>339,068.00</u>
Balance - December 31, 2008	C	<u>\$ 339,068.00</u>

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2007		2008 AUTHOR.	BOND ANTICIPATION NOTES BONDS ISSUED		BALANCE DEC. 31, 2008
	<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		760,500.00				760,500.00
20-03, 12-04	Improvements to Atlantic Street		100,000.00				100,000.00
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
25-05, 04-06	Replacement of Borough Hall Roof		100,000.00				100,000.00
09-08	Improvements Beers Street			300,000.00		300,000.00	
23-08	Waterfront Park and related Improvements			825,000.00			825,000.00
25-08	Various Capital Improvements			308,000.00			308,000.00
			<u>1,054,933.00</u>	\$	<u>1,433,000.00</u>	\$	<u>2,187,933.00</u>

Ref.

Footnote C

WATER AND SEWER UTILITY FUND

SCHEDULE OF WATER AND SEWER UTILITY CASH AND INVESTMENTS - TREASURER

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - December 31, 2007	D	\$ 520,764.89	\$ 1,042,747.63
Increased by Receipts:			
Consumer Accounts Receivable	D-7	\$ 2,907,291.63	
Consumer Account Overpayments	D-16	170.34	
Prepaid Consumer Accounts	D-17	6,120.77	
Miscellaneous Revenue	D-3	238,469.74	
Proceeds from Sale of Bond Anticipation Notes	D-14		1,708,600.00
Refunds - Contra	Contra		<u>27,000.00</u>
		<u>3,152,052.48</u>	<u>1,735,600.00</u>
Decreased by Disbursements:			
Budget Expenditures	D-4	3,264,186.91	
Appropriation Reserves	D-11	71,952.24	
Improvement Authorizations	D-15		870,722.83
Accrued Interest on Bonds, Notes and Loans	D-12	105,875.89	
Bond Anticipation Note Redeemed	D-14		1,708,600.00
Refunds - Contra	Contra		<u>27,000.00</u>
		<u>3,442,015.04</u>	<u>2,606,322.83</u>
Balance - December 31, 2008	D	\$ <u>230,802.33</u>	\$ <u>172,024.80</u>

WATER AND SEWER CAPITAL FUND
SCHEDULE OF ANALYSIS OF CASH

Ord.	Description	Ref.	Deferred Charges	Ordinance Balance	Notes Outstanding	Other	Cash Balance
13-04	Various Improvements to Water and Sewer System....		(211,000.00)	7,864.15	\$ 211,000.00		\$ -
21-05	Perry Street Water Treatment Facility Upgrade.....		(1,047,600.00)	27,489.33	1,047,600.00		7,864.15
05-06	Cass Street Standpipe Painting Project.....		(600,000.00)	184,355.86	450,000.00		27,489.33
	Reserve for Encumbrances.....	D-8		48,172.21			34,355.86
	Capital Improvement Fund.....	D-18				\$ 45,687.00	48,172.21
	Fund Balance.....	D-2				8,456.25	45,687.00
							8,456.25
Total.....			\$ (1,858,600.00)	\$ 267,881.55	\$ 1,708,600.00	\$ 54,143.25	\$ 172,024.80

<u>Ref.</u>	D-10	D-15	D-14	Var.	D, D-5
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SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2007	D	\$ 181,713.28
Increased by:		
Water and Sewer Utility Billings	Reserve	<u>3,126,282.36</u>
		3,307,995.64
Decreased by:		
Overpayments Applied	D-16	831.73
Prepays Applied	D-17	207,770.66
Collected	D-5	<u>2,907,291.63</u>
		<u>3,115,894.02</u>
Balance - December 31, 2008	D	<u><u>\$ 192,101.62</u></u>

**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, 2007	D	\$ 905,631.78	\$ 22,753.44	\$ 882,878.34
Increased by:				
CY 2008 Reserve for Encumbrances	D-4, D-15	105,024.30	56,852.09	48,172.21
		1,010,656.08	79,605.53	931,050.55
Decreased by:				
Transferred to Approp.Res./Improv. Auth.	D-13, D-15	905,631.78	22,753.44	882,878.34
Balance - December 31, 2008	D	<u>\$ 105,024.30</u>	<u>\$ 56,852.09</u>	<u>\$ 48,172.21</u>

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

<u>ACCOUNT</u>	<u>BALANCE DECEMBER 31, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>BALANCE DECEMBER 31, 2008</u>
Distribution System Land	\$ 20,500.00	\$	\$	20,500.00
Miscellaneous Land - Capital	750.00			750.00
Springs and Wells	107,432.80			107,432.80
Collection Reservoir	15,000.00			15,000.00
Filters	31,877.89			31,877.89
Clear Well Basin	1,000.00			1,000.00
Pumping Station Structures	68,569.50			68,569.50
Reservoirs and Standpipes	10,000.00			10,000.00
Distribution Mains and Accessories	770,104.60			770,104.60
Fire Hydrant and Cisterns	2,500.00			2,500.00
Bulkheads	15,691.72			15,691.72
Meters and Meter Bonds	1,391.05			1,391.05
Insurance and Bonds	1,275.00			1,275.00
Electric Pumping Power Equipment	42,940.50			42,940.50
Ferry Street Plant and Wells	1,467,500.00			1,467,500.00
General Equipment	71,609.00			71,609.00
Construction of Well #8	249,863.33			249,863.33
Repairs and Improvements to Water Plant	435,000.00			435,000.00
Cedar Street Pumping Station	210,000.00			210,000.00
Rehabilitation of Sewer System	151,000.00			151,000.00
	<u>\$ 3,674,005.39</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 3,674,005.39</u>
<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 FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER AND SEWER UTILITY CAPITAL FUND

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	DECREASE- TRANSFERRED		BALANCE DEC. 31, 2007	BALANCE DEC. 31, 2008
			FIXED CAPITAL		
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
		\$	<u>1,950,000.00</u>	\$	<u>1,950,000.00</u>
	<u>Ref.</u>		D	-	D

SCHEDULE OF 2007 APPROPRIATION RESERVES
WATER AND SEWER UTILITY OPERATING FUND

	<u>BALANCE</u> <u>DEC. 31, 2007</u>	<u>RESERVE FOR</u> <u>ENCUMBRANCES</u> <u>DEC. 31, 2007</u>	<u>BALANCE</u> <u>AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Operating:					
Salaries and Wages	\$ 553.28	\$	\$ 3,553.28	\$ 2,992.00	\$ 561.28
Other Expenses	41,500.81	22,753.44	61,254.25	26,194.92	35,059.33
Bayshore Regional Sewerage Authority	296.00		296.00		296.00
Acquisition of Water	56,022.14		56,022.14	42,765.32	13,256.82
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	<u>1,551.10</u>		<u>1,551.10</u>		<u>1,551.10</u>
	<u>\$ 99,923.33</u>	<u>\$ 22,753.44</u>	<u>\$ 122,676.77</u>	<u>\$ 71,952.24</u>	<u>\$ 50,724.53</u>

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, 2007	D	\$ 44,043.57
Increased by:		
Accrued Interest Charged to:		
Budget Appropriations	D-4	90,638.09
		<hr/> 134,681.66
Decreased by:		
Payment	D-5	105,875.89
Balance - December 31, 2008	D, D-12	<hr/> <u>\$ 28,805.77</u>

Analysis of Balance - December 31, 2008:

<u>Principal Outstanding Dec. 31, 2008</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
1994 Refunding Bonds 525,000.00	Various	7/15	12/31	5.5 Mos.	\$ 13,535.16
Bond Anticipation Notes 1,708,600.00	2.250%	8/8	12/31	143 Days	15,270.61
					<hr/> \$ 28,805.77
Total					<hr/> <u>\$ 28,805.77</u>
				<u>REF.</u>	D-12

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</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2007</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2008</u>
			<u>OUTSTANDING - DATE</u>	<u>DEC. 31, 2008 AMOUNT</u>				
Water and Sewer Utility Refunding Bonds - Series 1994	7/1/94	1,315,000	7/1/09	95,000	5.625%			
			7/1/10	100,000	5.625%			
			7/1/11	100,000	5.625%			
			7/1/12	110,000	5.625%			
			7/1/13	120,000	5.625%	615,000.00	90,000.00	525,000.00
						<u>\$ 615,000.00</u>	<u>\$ 90,000.00</u>	<u>\$ 525,000.00</u>
			<u>Ref</u>			D	D-19	D
								D-30

SCHEDULE OF BOND ANTICIPATION NOTES

Exhibit - D-14

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORIGINAL</u>		<u>DATE OF ISSUE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>BALANCE</u>		<u>INCREASE</u>	<u>DECREASE</u>		<u>BALANCE DEC. 31, 2008</u>
		<u>DATE ISSUED</u>	<u>DATE</u>				<u>DEC. 31, 2007</u>					
13-04	Repair and Improvement to Water/Sewer System	8/11/05	8/8/08	8/7/09	2.250%	\$	238,000.00	\$	211,000.00	\$	238,000.00	\$ 211,000.00
21-05	Perry Street Water Treatment Facility Upgrade	8/10/06	8/8/08	8/7/09	2.250%		1,047,600.00		1,047,600.00		1,047,600.00	1,047,600.00
05-06	Cass Street Standpipe Painting Project	8/10/06	8/8/08	8/7/09	2.250%		450,000.00		450,000.00		450,000.00	450,000.00
							<u>\$ 1,735,600.00</u>	<u>\$ 1,708,600.00</u>	<u>\$ 1,735,600.00</u>	<u>\$ 1,708,600.00</u>		
							<u>Ref.</u>	<u>D</u>	<u>D-5</u>	<u>D-5</u>	<u>D</u>	
							D-5			\$ 1,708,600.00		
							Contra			<u>27,000.00</u>		
										<u>\$ 1,735,600.00</u>		

Notes Redeemed
Paid by Operating Fund

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
WATER AND SEWER UTILITY CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE - DEC. 31, 2007		PAID OR CHARGED	RESERVE FOR ENCUMB. DEC. 31, 2008	BALANCE - DEC. 31, 2008	
				FUNDED	UNFUNDED			FUNDED	UNFUNDED
15-93 31-94	Repairs and Improvements to Water/Sewer System	05/25/93 04/05/94	\$ 65,000.00 86,000.00	\$	\$	\$ 19,695.04	\$	\$	\$
13-04	Various Improvements to Water/Sewer System	08/03/04	250,000.00		27,985.32	20,229.96	121.17		7,864.15
21-05	Perry Street Water Treatment Facility Upgrade	10/18/05	1,100,000.00		43,126.44	830,797.83	47,792.62		27,489.33
05-06	Cass Street Standpipe Painting Project	03/07/06	600,000.00		184,614.28		258.42		184,355.86
				\$ 0.00	\$ 255,726.04	\$ 870,722.83	\$ 48,172.21	\$	\$ 219,709.34
Ref.				D	D	D- 5	D - 8	D	D

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

	<u>REF.</u>	
Balance - December 31, 2007	D	\$ 831.73
Increased by:		
Collections	D-5	<u>170.34</u>
		1,002.07
Decreased by:		
Applied water Sewer Rents Receivable	D-7	<u>831.73</u>
Balance - December 31, 2008	D	<u><u>\$ 170.34</u></u>

SCHEDULE OF PREPAID CONSUMER DEPOSITS
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2007	D	\$ 207,770.66
Increased by:		
Prepaid Rents Collected	D-7	<u>6,120.77</u>
		213,891.43
Decreased by:		
Prepays Applied	D-7	<u>207,770.66</u>
Balance - December 31, 2008	D	<u><u>\$ 6,120.77</u></u>

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

	<u>REF.</u>	
Balance - December 31, 2007	D	\$ 45,687.00
Balance - December 31, 2008	D	<u>\$ 45,687.00</u>

SCHEDULE OF RESERVE FOR AMORTIZATION
WATER AND SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2007	D	\$ 3,059,005.39
Increased By:		
Serial Bonds Paid	D-13	<u>90,000.00</u>
Balance - December 31, 2008	D	<u>\$ 3,149,005.39</u>

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

	<u>REF.</u>	
Balance - December 31, 2007	D	\$ 64,400.00
Increased by:		
Operating Budget - Notes Paid	D-14	<u>27,000.00</u>
Balance - December 31, 2008	D	<u>\$ 91,400.00</u>

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2007</u>	<u>BALANCE DEC. 31, 2008</u>
05-06	Cass Street Standpipe Painting Project	\$ 150,000.00 \$	150,000.00
		<u>\$ 150,000.00 \$</u>	<u>150,000.00</u>
	<u>Ref.</u>		Footnote D

PAYROLL FUND

SCHEDULE OF PAYROLL AGENCY ACTIVITY

Exhibit - E-1

	<u>BALANCE</u> <u>DEC 31, 2007</u>	<u>PAYROLL</u> <u>DEDUCTIONS</u>	<u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>DEC 31, 2008</u>
Federal Withholding Tax	\$	\$ 472,920.22	\$ 472,920.22	\$
Social Security/Medicare		419,364.50	419,364.50	
State Withholding Tax		118,872.07	118,872.07	
SUI/Disability		18,997.36	18,997.36	
457B Plan		56,610.00	56,610.00	
AFLAC		8,590.60	8,590.60	
PERS		156,799.01	156,799.01	
PFRS		237,823.68	237,823.68	
Police/Firemens Insurance		4,210.86	4,210.86	
Garnishments		111,015.88	111,015.88	
Monoc Credit Union		69,857.14	69,857.14	
PBA Dues		16,237.50	16,237.50	
Clerical/PW Union Dues		21,970.47	21,970.47	
Life Insurance		8,606.63	8,606.63	
Miscellaneous	3,045.63	1,183.35	1,281.31	2,947.67
Health Insurance Co-Pay		17,480.00	17,480.00	
	<u>\$ 3,045.63</u>	<u>\$ 1,740,539.27</u>	<u>\$ 1,740,637.23</u>	<u>\$ 2,947.67</u>
<u>Ref.</u>	E			E

GOVERNMENTAL FIXED ASSETS

SCHEDULE OF GOVERNMENTAL FIXED ASSETS

<u>FIXED ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2007</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>DEC. 31, 2008</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	2,583,793.00	\$ 24,857.04	\$ 40,873.00	2,567,777.04
Machinery and Equipment	344,731.30			344,731.30
Office Furniture and Equipment	163,066.09			163,066.09
Other Equipment	<u>218,914.00</u>			<u>218,914.00</u>
	<u>\$ 13,978,404.39</u>	<u>\$ 24,857.04</u>	<u>\$ 40,873.00</u>	<u>\$ 13,962,388.43</u>

SUPPLEMENTARY DATA

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDING DECEMBER 31, 2008

ASSETS	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	WATER AND SEWER UTILITY FUND	PAYROLL AGENCY FUND	GOVERNMENTAL FIXED ASSETS	MEMORANDUM ONLY	
							DEC. 31, 2008	DEC. 31, 2007
Cash and Investments	\$ 1,336,809.84	\$ 651,669.43	\$ 1,259,355.63	\$ 402,827.13	\$ 3,561.91	\$	\$ 3,654,223.94	\$ 4,906,782.03
Accounts Receivable:								
State, Federal & Local Grants Receivable								
Due from Board of Health	285,737.26	7.00	700,102.34				985,839.60	681,028.52
Due from County of Monmouth							7.00	
Due from State of New Jersey	3,191.94	1.20					3,193.14	464,845.74
Taxes, Assessments, Liens & Utility Charges	698,362.36							3,389.20
Interfund Loans	16,867.98			192,101.62			890,463.98	794,573.13
Prepaid Local District School Tax			613.04				17,520.39	4,356.34
Other Accounts Receivable							24,940.31	1.00
Property Acquired for Taxes at Assessed Valuation	24,940.31	39.37					97,100.00	36,265.11
Fixed Assets - General	97,100.00							97,100.00
Fixed Capital - Utility				3,674,005.39		13,962,388.43	13,962,388.43	13,978,404.39
Fixed Capital - Authorized and Uncompleted - Utility				1,950,000.00			3,674,005.39	3,674,005.39
Deferred Charges to Revenue of Succeeding Years	150,000.00						1,950,000.00	1,950,000.00
Deferred Charges to Future Taxation:							150,000.00	200,000.00
General Capital Fund			13,427,001.00				13,427,001.00	12,384,933.00
	\$ 2,613,009.69	\$ 651,717.00	\$ 15,387,072.01	\$ 6,218,934.14	\$ 3,561.91	\$ 13,962,388.43	\$ 38,836,683.18	\$ 39,175,683.85

BOROUGH OF KEYPORT
MONMOUTH COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDING DECEMBER 31, 2008

LIABILITIES, RESERVES AND FUND BALANCE	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	WATER AND SEWER UTILITY FUND	PAYROLL AGENCY FUND	GOVERNMENTAL FIXED ASSETS	MEMORANDUM ONLY	
							DEC. 31, 2008	DEC. 31, 2007
Bonds and Notes Payable	\$	\$	\$ 10,906,000.00	\$ 2,233,600.00		\$	\$ 13,139,600.00	\$ 13,680,600.00
Loans Payable			339,068.00				339,068.00	339,068.00
Prepaid Taxes, Assessments, Utility Charges and Licenses	92,500.84			6,120.77			98,621.61	276,234.28
Tax, Assessment, Lien, License and Utility Charge Overpayments				170.34			170.34	2,579.09
Appropriation Reserves	460,773.25			85,561.00			546,334.25	419,348.41
Reserve for Encumbrances/ Accounts Payable	182,887.84	21,547.93	1,782,900.51	56,852.09		2,044,188.37	2,044,188.37	713,482.28
Other Liabilities		465.00		76,977.98	2,947.67	80,390.65	80,390.65	930,867.54
Due County Taxes	10,299.89					10,299.89	10,299.89	9,231.75
Due School Taxes	3.50					3.50	3.50	
Due State of New Jersey								
Amts. Pledged to Specific Purposes	456,079.11	629,704.07	46,834.69	45,687.00		1,178,304.87	1,178,304.87	1,445,002.82
Improvement Authorizations			1,995,155.28	219,709.34		2,214,864.62	2,214,864.62	2,272,069.40
Interfund Loans	16,906.15				614.24	17,520.39	17,520.39	4,356.34
Investments in General Fixed Assets						13,962,388.43	13,962,388.43	13,978,404.39
Reserve for Amortization				3,240,405.39		3,240,405.39	3,240,405.39	3,123,405.39
Reserve for State & Federal Grants								
Reserve for Certain Assets Acquired or Receivables & Inventories	836,656.41		279,556.64	192,101.62		1,308,314.67	1,308,314.67	1,192,755.77
Special Emergency Note Payable	150,000.00					150,000.00	150,000.00	200,000.00
Fund Balance	406,902.70		37,556.89	61,748.61		506,208.20	506,208.20	588,278.39
	\$ 2,613,009.69	\$ 651,717.00	\$ 15,387,072.01	\$ 6,218,934.14	\$ 3,561.91	\$ 13,962,388.43	\$ 38,836,683.18	\$ 39,175,683.85

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

Revenue and Other Income Realized	Year 2008		Year 2007	
	Amount	%	Amount	%
Fund Balance Utilized	\$ 410,000.00	2.13	\$ 570,000.00	3.01
Miscellaneous - From Other Than Local Property Tax Levies	2,773,428.47	14.43	2,817,497.35	14.88
Collection of Delinquent Taxes and Tax Title Liens	513,094.26	2.67	480,045.47	2.53
Collection of Current Tax Levy	15,224,518.92	79.21	14,720,012.16	77.71
Other Credits to Income	299,469.74	1.56	353,499.09	1.87
Total Income	19,220,511.39	100.00	18,941,054.07	100.00
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	8,138,624.86	43.24	7,949,693.93	42.83
County Taxes	1,886,019.15	10.02	1,843,833.00	9.93
Local School Taxes	8,528,422.50	45.32	8,481,567.00	45.70
Business Improvement District Taxes	150,000.00	0.80	150,000.00	0.81
Municipal Open Space Taxes	82,825.78	0.44	83,193.65	0.45
Other Expenditures	34,187.45	0.18	51,272.41	0.28
Total Expenditures	18,820,079.74	100.00	18,559,559.99	100.00
Less: Expenditures to be Raised by Future Taxes				
Total Adjusted Expenditures	18,820,079.74		18,559,559.99	
Excess in Revenue	400,431.65		381,494.08	
Fund Balance January 1	415,856.81		604,362.73	
	816,288.46		985,856.81	
Less:				
Utilization as Anticipated Revenue	410,000.00		570,000.00	
Fund Balance December 31	\$ 406,288.46		\$ 415,856.81	

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

Revenue and Other Income Realized	Year 2008		Year 2007	
	Amount	%	Amount	%
Fund Balance Utilized	\$126,000.00	3.57	\$110,000.00	3.06
Collection of Water and Sewer Rents	3,115,894.02	88.24	3,157,045.74	87.71
Miscellaneous - From Other Than Water and Sewer Rents	289,194.27	8.19	332,450.06	9.24
Total Income	3,531,088.29	100.00	3,599,495.80	100.00
<u>Expenditures</u>				
Budget Expenditures:				
Operating	3,103,600.00	88.74	3,075,600.00	88.77
Debt Service	207,638.09	5.94	196,400.00	5.67
Deferred Charges and Statutory Expenditures	56,000.00	1.60	48,000.00	1.39
Surplus (General Budget)	130,000.00	3.72	130,000.00	3.75
Other Credits			14,822.56	0.43
Total Expenditures	3,497,238.09	100.00	3,464,822.56	100.00
Excess in Revenue	33,850.20		134,673.24	
Fund Balance January 1	145,442.16		120,768.92	
	179,292.36		255,442.16	
Less:				
Utilization as Anticipated Revenue	126,000.00		110,000.00	
Fund Balance December 31	\$ 53,292.36		\$ 145,442.16	

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>
2008	\$ 97,100
2007	97,100
2006	97,100

COMPARISON OF WATER AND SEWER UTILITY BILLINGS AND COLLECTIONS

<u>Year</u>	<u>Billings</u>	<u>*Collections</u>
2008	\$ 3,126,282	\$ 3,115,894
2007	3,205,651	3,157,046
2006	3,094,826	3,108,080

*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	2008	\$ 406,288	\$ 400,000
	2007	415,857	380,000
	2006	604,363	570,000
	2005	297,092	285,000
	2004	335,054	325,000
Water and Sewer Utility Operating Fund	2008	\$ 53,292	\$ 52,000
	2007	145,442	126,000
	2006	120,769	110,000
	2005	74,737	50,000
	2004	59	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Tax Rate:</u>	<u>\$4.764</u>	<u>\$4.550</u>	<u>\$4.397</u>

Apportionment of Tax Rate:

Municipal	<u>1.604</u>	<u>1.434</u>	<u>1.370</u>
County	<u>0.570</u>	<u>0.554</u>	<u>0.554</u>
Local School	<u>2.590</u>	<u>2.562</u>	<u>2.473</u>

Assessed Valuation:

2008	<u>\$329,310,230.00</u>	
2007		<u>\$331,110,697.00</u>
2006		<u>\$329,933,774.00</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 60,750.00 for the year 2008.

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>	
2008	\$ 15,925,408.28	\$ 15,224,518.92	95.60%
2007	15,292,059.05	14,720,012.16	96.26%
2006	14,790,417.37	14,251,678.91	96.36%

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>
2008	\$102,263.07	\$596,099.29	\$698,362.36	4.39%
2007	93,831.70	519,028.15	612,859.85	4.01%
2006	88,012.25	488,475.07	576,487.32	3.90%

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as at December 31, 2008:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF CORPORATE SURETY</u>
Robert J. Bergen	Mayor		
Joseph E. Sheridan	Council President		
Christian Bolte	Councilperson		
Ezra Hill	Councilperson		
William Ortman	Councilperson		
John Kovacs	Councilperson		
George J. Walling, Sr.	Councilperson		
Lorene K. Wright	Business Administrator		
Valerie T. Heilwell	Borough Clerk		
Thomas P. Fallon	Chief Financial Officer	\$ 1,000,000.00	New Jersey Intergovernmental Insurance Fund
Keri R. Stencel	Tax/Utility Collector, Treasurer	\$ 1,000,000.00	New Jersey Intergovernmental Insurance Fund
Scott Pezarra	Tax Assessor		
Emery Z. Toth	Borough Magistrate	\$ 1,000,000.00	New Jersey Intergovernmental Insurance Fund
Kathryn A. Coffey	Court Administrator	\$ 1,000,000.00	New Jersey Intergovernmental Insurance Fund
Nicole Deverikos	Deputy Court Administrator	\$ 1,000,000.00	New Jersey Intergovernmental Insurance Fund
John S. Wisniewski	Borough Attorney		

**BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY
FOR YEAR ENDED DECEMBER 31, 2008**

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, 2008, 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, 2008, 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 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 October 16, 2009 on the financial statements of the Borough of Keyport. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

Control Deficiencies:

Segregation of Duties - Tax/Water and Sewer Offices

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

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

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

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

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: Board of Health/Vital Statistics, Police Records, Fire Safety, & Municipal Boat Ramp.

GENERAL COMMENTS

OTHER MATTERS

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

N.J.S.A. 40A: 11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidder therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

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

On June 22, 2005, the Local Public Contracts Law was amended, effective July 1, 2005. The amendments address the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount from \$17,500.00 to \$21,000.00 under which a contract may be awarded without public advertising. Furthermore, if the Borough's Purchasing Agent is "Qualified" the Borough may increase the bid threshold from \$25,000.00 to \$29,000.00.

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

Materials, Supplies, and Equipment

Gasoline.

Service Rentals, Construction and Repairs

ADA Accessibility Improvements to the Library; Improvements to Therese Street and Beach Street Parks; Improvements to Beers Street; Construction of Salt Storage Building; and Waterfront Park Phase One Improvements.

State Contract

Ford Crown Victoria; and Computer Equipment and Service.

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.

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.

GENERAL COMMENTS

OTHER MATTERS (Cont'd)

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

The examination of expenditures revealed 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 for maintenance and repairs to emergency vehicles. 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, 2008 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 2008, 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.

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.

GENERAL COMMENTS

OTHER MATTERS (Cont'd)

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

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 2008. The Tax Sale excluded properties that were reported to be in installment agreements, in bankruptcy proceedings and/or disputed items. We suggest that the omitted outstanding items be included in the next Tax Sale and be complete in all respects.

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>
2008	11	0
2007	8	0
2006	8	0

Interfund Balances

Interfund Balances appear in the balance sheets of the Borough's financial statements of the year ended December 31, 2008.

These interfunds, in most cases, resulted from 2008 operations and closing entries, and we suggest that all interfund amounts and balances be cleared by cash transfer.

Investment of Funds

During 2008, the Borough's funds were invested primarily in interest bearing and sweep accounts.

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

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.

GENERAL COMMENTS

OTHER MATTERS (Cont'd)

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.

Outside Offices/Departments Collecting Fees

Our review of the activities of the various outside offices and departments indicated the following for the year ended December 31, 2008:

We noted that all Outside Offices and Departments do not maintain a standardized formal cash receipt journal, do not always issue duplicate receipts for all funds collected, do not prepare and submit formalized monthly reports and remit funds on a timely basis to the Department of Finance, and exceptions to the statutory 48 hour deposit requirement.

We recommend that the Borough continue to implement the standardized financial accounting policies and procedures for all outside offices and departments collecting Borough funds.

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, 2008. 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 2008 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.

GENERAL COMMENTS

OTHER MATTERS (Cont'd)

Administration and Accounting for State & Federal Grants

The Borough operated various programs during 2008, 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. As required of A-133, the schedules of financial assistance should be prepared and submitted on a timely basis.

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 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 \$3,531,088.29 and expenditures amounted to \$3,497,238.09 resulting in excess revenues of \$33,850.20. The calculation of "Self-Liquidating Purpose" utility operations per N.J.S.A. 40A: 2-45 resulted in a statutory excess for debt statement purposes of \$113,125.67, which allows for the total deduction of Water and Sewer Utility Debt in the calculation of statutory net debt of the Borough at December 31, 2008. A reconciliation of the excess revenues from operations (Exhibit D-1) and the excess in revenues for debt statement purposes is included in the "Notes to Financial Statements".

Other Compliance Matters

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

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

GENERAL COMMENTS

OTHER MATTERS (Cont'd)

Other Compliance Matters (Cont'd)

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

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

Internal Control Documentation

We suggest that the Borough continue to develop its process of documentation of internal controls. This course of action will serve the purpose of meeting certain requirements as set forth 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.

Business Improvement District

The Borough has designated a “District Management Corporation” (meaning “Business Improvement District”) as the entity to administer the special assessment within the Borough of Keyport, County of Monmouth by Local Ordinance pursuant to State Statute.

It is required by the Local Finance Board, State of New Jersey and the Division of Local Government Services, Department of Community Affairs, State of New Jersey that Business (Special) Improvement Districts have an audit performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

We recommend that the Business Improvement District Management Corporation have an audit performed in compliance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Municipal Library

As of the date of this report, the Municipal Library did not provide evidence of an independent audit for the periods ended December 31, 2008 and 2007. Accordingly, the Borough did not have the Report of Audit on file in accordance with state statute requirements.

We recommend that the Municipal Library obtain an independent audit and file same with the Borough Clerk in accordance with state statute.

GENERAL COMMENTS

OTHER MATTERS (Cont'd)

Compliance with Local Finance Notices

The Borough prepared and filed a corrective action plan for 2007, pursuant to Local Finance Notice No. 92-15 issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which was adopted by resolution of the Governing Body.

RECOMMENDATIONS

It is recommended that the Borough continue to implement the standardized financial accounting policies and procedures for all outside offices and departments collecting Borough funds.

It is recommended that the Business Improvement District Management Corporation have an audit performed in compliance with *Government Auditing Standards* issued by the Comptroller General of the United States.

It is recommended that the Municipal Library obtain an independent audit and file same with the Borough Clerk in accordance with state statute.

* * * * *

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.

A handwritten signature in black ink, appearing to read "Robert S. Morrison", written over a horizontal line.

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