

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY
YEARS ENDED DECEMBER 31, 2011 AND 2010

FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

with

INDEPENDENT AUDITOR'S REPORTS

and

COMMENTS AND RECOMMENDATIONS

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

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COUNTY OF MONMOUTH, NEW JERSEY

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COUNTY OF MONMOUTH, NEW JERSEY

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying regulatory-basis financial statements of the Borough of Keyport, County of Monmouth, New Jersey ("Borough") as of December 31, 2011, and for the year ended December 31, 2011, which collectively comprise the Borough's basic financial statements listed as financial statement exhibits in the Table of Contents. 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. The regulatory-basis financial statements of the Borough as of and for the year ended December 31, 2010 were audited by other auditors whose report thereon dated July 15, 2011 expressed an unqualified opinion on those statements in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division.

Except as discussed in the following paragraph, 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 in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"). 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we express no such opinion. 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 opinions.

As described in Note 1, the Borough prepares its financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the Borough's preparing its financial statements on the basis of accounting discussed in the preceding paragraph, 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 as of December 31, 2011 or the changes in its financial position, or, where applicable, its cash flows for the years then ended. Further, the Borough has not presented a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Also in our opinion, the regulatory-basis financial statements referred to above present fairly, in all material respects, the financial position, on a regulatory accounting basis, of the various funds of the Borough as of December 31, 2011, and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the Statements of Revenues - Regulatory Basis and the Statement of Expenditures - Regulatory Basis of the various funds for the years ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated January 11, 2013 on our consideration of the Borough's internal control structure 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.

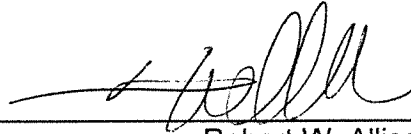
Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Borough's financial statements taken as a whole. The information included in the supplementary data and supplementary schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough. The information has been subjected to auditing procedures applied in

Honorable Mayor and Members
of the Borough Council
Borough of Keyport, New Jersey
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the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole.

Hutchins, Farrell, Meyer & Allison, P.A.

Independent Auditors

A handwritten signature in black ink, appearing to read 'R. Allison', is written over a horizontal line.

Robert W. Allison

Registered Municipal Accountant
(#483)

January 11, 2013

FINANCIAL STATEMENTS

CURRENT FUND

EXHIBITS

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2011 and 2010

<u>Assets</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Current Fund:							
Cash - Treasurer	1-A	\$ 751,046.74	\$ 725,840.93				
Cash - Change Fund	2-A	525.00	525.00				
		751,571.74	726,365.93				
Due From State of New Jersey	3-A	3,139.20	2,639.20				
		754,710.94	729,005.13				
Receivables With Full Reserves:							
Delinquent Property Taxes Receivable	4-A	680,629.35	622,039.51	Appropriation Reserves	A-3,9-A	\$ 286,055.90	\$ 196,987.50
Tax Title Liens Receivable	5-A	125,958.90	118,437.78	Encumbrances Payable	10-A	205,917.17	127,946.91
Property Acquired for Taxes -				Prepaid Taxes	11-A	105,039.72	77,523.87
Assessed Valuation	6-A	97,100.00	97,100.00	County Taxes Payable	12-A	30.80	433.18
Revenue Accounts Receivable	7-A	27,333.40	15,377.49	Local School Taxes Payable	13-A	3.50	3.50
Due From:				Various Reserves	20-A	4,990.49	11,694.78
Trust - Other Fund	19-A		460.85	Special Emergency Notes Payable	1-A		50,000.00
Payroll Fund	17-A	614.24	614.24	Accounts Payable	14-A	35,228.02	5,840.00
General Capital Fund	16-A	286.39	88.65	Tax Overpayments	15-A	21.25	0.01
				Due to Trust Other Fund	19-A	364.94	
		931,902.28	854,118.52	Due To Grant Fund	24-A	60,555.64	87,471.88
Deferred Charges:							
Special Emergency Authorization	8-A		50,000.00	Reserve for Receivables	A	698,207.43	557,901.63
				Fund Balance	A-1	931,902.28	854,118.52
						56,503.51	221,103.50
		1,686,613.22	1,633,123.65			1,686,613.22	1,633,123.65
Federal and State Grants:							
Federal and State Grants Receivable	21-A	456,029.00	136,582.65	Appropriated Reserves	22-A	459,589.43	124,503.26
Due From Current Fund	24-A	60,555.64	87,471.88	Unappropriated Reserves	23-A	14,280.75	58,545.41
				Reserve for Encumbrances	25-A	42,714.46	41,005.86
		516,584.64	224,054.53			516,584.64	224,054.53
Total Assets		\$ 2,203,197.86	\$ 1,857,178.18	Total Liabilities, Reserves and Fund Balance		\$ 2,203,197.86	\$ 1,857,178.18

See accompanying notes.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY ACCOUNTING BASIS

Years ended December 31, 2011 and 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 218,000.00	\$ 255,000.00
Miscellaneous Revenue Anticipated	A-2	2,436,695.36	2,143,147.19
Receipts From Delinquent Taxes	A-2	622,539.51	654,471.11
Non-Budget Revenue	A-2	100,753.71	80,984.85
Receipt From Current Taxes	A-2	15,574,333.43	15,689,007.74
Other Credits To Income:			
Cancellation of:			
Grant Reserves	24-A	26,860.66	50,640.05
Accounts Payable			52,270.03
Prior Year Interfunds Returned		283.11	
Unexpended Balance of Appropriation Reserves	9-A	<u>71,649.78</u>	<u>199,977.50</u>
Total Revenue		<u>19,051,115.56</u>	<u>19,125,498.47</u>
Expenditures:			
Budget Appropriations:			
Operations:			
Salaries and Wages	A-3	3,105,300.00	3,069,544.00
Other Expenses	A-3	3,579,479.00	3,452,477.00
State and Federal Programs Offset by Revenue	A-3	536,894.97	496,406.06
Capital Improvements	A-3	20,000.00	20,000.00
Municipal Debt Service	A-3	728,649.49	713,644.69
Deferred Charges	A-3	50,000.00	190,000.00
Transferred to Board of Education	A-3	44,817.00	44,754.00
County Taxes	12-A	1,990,792.49	1,932,382.02
Local School Taxes	13-A	8,443,288.00	8,540,183.50
Business Improvement District Taxes	18-A	118,000.00	118,000.00
Municipal Open Space Taxes	4-A/1-A	188,677.00	189,398.47
Prior Year Senior Citizen Deduction Disallowed	3-A	500.00	1,250.00
Refund of Prior Year Revenue			198.39
Prior Year Tax Appeal	15-A	164,546.10	100,067.50
Cancellation of Grants Receivable	24-A	26,771.50	41,720.26
Interfunds Advanced - Net			180.85
Total Expenditures		<u>18,997,715.55</u>	<u>18,910,206.74</u>
Excess in Revenue		53,400.01	215,291.73
Fund Balance, January 1	A	<u>221,103.50</u>	<u>260,811.77</u>
		274,503.51	476,103.50
Decreased By:			
Utilized as Anticipated Revenue	A-1	<u>218,000.00</u>	<u>255,000.00</u>
Fund Balance, December 31	A	<u>\$ 56,503.51</u>	<u>\$ 221,103.50</u>

See accompanying notes.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

Exhibit A-2
Page 1 of 2

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	A-1	\$ 218,000.00	\$ 218,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	7-A	33,000.00	33,528.63	\$ 528.63
Other	7-A	7,000.00	11,728.00	4,728.00
Fees and Permits	7-A	124,000.00	147,200.84	23,200.84
Fines and Costs - Municipal Court	7-A	228,000.00	228,161.93	161.93
Interest and Costs on Taxes	7-A	114,000.00	136,237.28	22,237.28
Cable Television Fees	7-A	81,397.00	81,397.12	0.12
Senior Citizen Housing - PILOT	7-A	228,000.00	245,003.00	17,003.00
Bethany Manor Annex - PILOT	7-A	73,000.00	74,535.54	1,535.54
Consolidated Municipal Property Tax Relief Aid	7-A	132,965.00	132,965.00	
Energy Receipts Tax	7-A	581,508.00	581,508.00	
Uniform Construction Code Fees	7-A	90,000.00	116,162.40	26,162.40
Interlocal - Board of Health (Union Beach)	7-A	5,000.00	5,000.00	
Uniform Fire Safety Act	7-A	46,000.00	58,355.65	12,355.65
Insurance Dividend	7-A	20,000.00	22,453.00	2,453.00
Additional PILOT - Senior Citizen Housing	7-A	24,000.00	24,000.00	
Reserve for Debt Service - General Capital Fund	7-A	50,000.00	50,000.00	
Recycling Tonnage Grant	21-A	7,124.07	7,124.07	
Clean Communities Program	21-A	11,486.56	11,486.56	
Municipal Alliance on Alcoholism and Drug Abuse	21-A	26,704.00	26,704.00	
Office on Aging Grant	21-A	36,000.00	36,000.00	
Body Armor Replacement Grant	21-A	2,804.34	2,804.34	
Hazardous Discharge Site Remediation Fund	21-A	391,540.00	391,540.00	
DWI Saturation Patrol	21-A	12,800.00	12,800.00	
Total Miscellaneous Revenues	A-1	2,326,328.97	2,436,695.36	110,366.39
Receipts From Delinquent Taxes	A-2/A-1	630,000.00	622,539.51	(7,460.49)
Property Taxes for Support of Municipal Budget Appropriations:				
Local Tax for Municipal Purposes				
Including Reserve for Uncollected Taxes		5,340,095.42		
Minimum Library Tax		246,955.00		
Total Amount to be Raised by Taxation for Support of Municipal Budget	A-2	5,587,050.42	5,529,204.36	(57,846.06)
Budget Totals	A-3	8,761,379.39	8,806,439.23	45,059.84
Non-Budget Revenue	A-1,A-2,1-A		100,753.71	100,753.71
Total General Revenues	A-3	\$ 8,761,379.39	\$ 8,907,192.94	\$ 145,813.55

See accompanying notes.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

Reference

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue From Collections	4-A	\$ 15,574,333.43
School, County, Municipal Open Space and District Taxes	4-A	<u>10,740,757.49</u>

Balance for Support of Municipal Budget

Appropriations	A-2	4,833,575.94
Add: "Appropriation Reserve for Uncollected Taxes"	A-3	<u>695,628.42</u>

Amount for Support of Municipal Budget

Appropriations	A-2	<u>\$ 5,529,204.36</u>
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Receipts From Delinquent Taxes:

Delinquent Tax Collections	A-2,4-A	<u>\$ 622,539.51</u>
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Miscellaneous Revenue Not Anticipated:

FEMA - 2010 Storm Reimbursement		\$ 33,896.85
Miscellaneous - UCC		11,417.00
Library Reimbursement - Debt Service		10,379.00
CBS Outdoor Billboard Lease		9,000.00
Scrap Metal Recycling		2,875.55
Interfaith Neighbor Lease		4,225.00
Anti- Trust Litigation		5,520.96
Prior Year Workers Compensation Refunds		3,970.00
Post Office Land Rent		1,512.50
Senior Citizens and Veterans Administration Fee		1,065.00
Board of Health		2,925.00
NJ DMV Inspections		2,385.34
NSF Charges		260.00
Federal Flood Relief Program		3,888.00
Various Interest		773.58
Homestead Rebate Mailing Reimbursement		455.40
Copies		157.17
Void Municipal Court Outstanding Checks		507.00
Restitution		250.00
Miscellaneous		5,173.36
Fire Arms Report		91.00
Tire Recycling		25.00
Historical Society Rent		<u>1.00</u>

A-1,1-A \$ 100,753.71

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Appropriations		Expended	Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	
GENERAL APPROPRIATIONS Operations - Within "CAPS"				
GENERAL GOVERNMENT				
General Administration:				
Salaries and Wages	\$ 81,500.00	\$ 76,500.00	\$ 74,753.63	\$ 1,746.37
Other Expenses	6,300.00	6,800.00	6,584.76	215.24
Mayor and Council:				
Salaries and Wages	19,700.00	19,700.00	19,700.00	
Other Expenses	2,500.00	2,500.00	2,489.48	10.52
Municipal Clerk:				
Salaries and Wages	42,000.00	43,400.00	43,390.19	9.81
Other Expenses - Miscellaneous	7,200.00	8,200.00	7,871.35	328.65
Other Expenses - Revision and Codification of Ordinances	1,000.00	1,000.00		1,000.00
Financial Administration:				
Salaries and Wages	55,000.00	55,000.00	54,647.14	352.86
Other Expenses	8,000.00	8,300.00	8,288.64	11.36
Audit Services:				
Other Expenses	17,000.00	17,000.00	17,000.00	
Collection of Taxes:				
Salaries and Wages	81,000.00	78,500.00	77,277.68	1,222.32
Other Expenses	8,050.00	8,050.00	7,167.74	882.26
Tax Assessment Administration:				
Salaries and Wages	23,200.00	23,200.00	23,133.78	66.22
Other Expenses - Revision of Tax Map	2,000.00	2,000.00	1,985.00	15.00
Other Expenses - Miscellaneous	2,500.00	2,000.00	1,679.52	320.48
Legal Services:				
Other Expenses	110,000.00	105,450.00	72,096.13	33,353.87
Environmental Commission:				
Other Expenses	650.00	650.00		650.00
Engineering Services:				
Other Expenses	15,000.00	15,000.00	12,921.77	2,078.23
Keyport Historical Society Contracted	500.00	500.00	500.00	

See accompanying notes.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Appropriations		Expended	Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved
GENERAL APPROPRIATIONS Operations - Within "CAPS"				
LAND USE ADMINISTRATION:				
Planning/Zoning Board:				
Salaries and Wages	3,300.00	3,700.00	3,667.58	32.42
Other Expenses - Revision of Master Plan	100.00	100.00		100.00
Other Expenses - Miscellaneous	5,000.00	5,000.00	3,980.42	1,019.58
Property Maintenance Code:				
Salaries and Wages	15,000.00	9,500.00	9,114.55	385.45
Other Expenses	850.00	850.00	410.91	439.09
INSURANCE				
Liability Insurance	207,000.00	207,000.00	206,000.80	999.20
Workers Compensation Insurance	178,000.00	178,000.00	177,908.70	91.30
Employee Group Health Insurance	578,500.00	616,500.00	615,272.06	1,227.94
Health Benefit Waiver	43,000.00	26,700.00	26,672.08	27.92
Unemployment Insurance	15,000.00	25,000.00	25,000.00	
PUBLIC SAFETY FUNCTIONS				
Municipal Court:				
Salaries and Wages	68,000.00	61,000.00	60,415.49	584.51
Other Expenses	32,700.00	34,700.00	32,029.98	2,670.02
Public Defender:				
Salaries and Wages	1,000.00	1,000.00	500.06	499.94
Other Expenses	100.00	100.00		100.00
Police Department:				
Salaries and Wages	2,215,000.00	2,157,000.00	2,133,481.07	23,518.93
Other Expenses - Miscellaneous	58,350.00	116,350.00	99,594.29	16,755.71
Other Expenses - Clothing Allowance	30,000.00	30,000.00	24,180.40	5,819.60
Emergency Management Services				
Other Expenses	1,000.00	1,000.00	110.00	890.00
Aid to Volunteer Fire Companies	24,220.00	24,220.00	23,720.00	500.00
First Aid Contributions	15,800.00	15,800.00	15,540.38	259.62
Fire Department:				
Salaries and Wages	2,000.00	2,000.00	2,000.00	
Other Expenses	64,160.00	64,160.00	60,956.56	3,203.44
Uniform Fire Safety:				
Salaries and Wages	30,000.00	32,000.00	31,473.12	526.88
Other Expenses	10,000.00	10,000.00	8,714.38	1,285.62
Municipal Prosecutor's Office:				
Salaries and Wages	13,000.00	13,750.00	13,669.56	80.44

See accompanying notes.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Appropriations		Expended	Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	
GENERAL APPROPRIATIONS Operations - Within "CAPS"				
PUBLIC WORKS FUNCTIONS				
Road Repairs and Maintenance				
Salaries and Wages	340,000.00	340,000.00	318,411.84	21,588.16
Other Expenses	73,800.00	73,800.00	66,003.10	7,796.90
Garbage and Trash Removal:				
Salaries and Wages	49,000.00	49,000.00	48,199.72	800.28
Other Expenses	20,500.00	20,500.00	19,576.06	923.94
Contracted (40A:4-85)	224,000.00	211,000.00	192,550.02	18,449.98
Public Buildings and Grounds:				
Other Expenses	69,800.00	69,800.00	63,410.82	6,389.18
HEALTH AND HUMAN SERVICES FUNCTIONS				
Blood Borne Pathogens - Hepatitis B				
Salaries and Wages	1,800.00			
Other Expenses	1,500.00	500.00		500.00
Board of Health:				
Salaries and Wages	29,000.00	29,000.00	28,970.36	29.64
Other Expenses	2,000.00	2,000.00	1,933.25	66.75
Animal Control Services:				
Other Expenses	16,000.00	16,000.00	16,000.00	
Bayshore Youth Services Bureau Contribution	1,000.00	1,000.00	1,000.00	
PARK AND RECREATION				
Recreation:				
Salaries and Wages	18,750.00	16,250.00	16,216.91	33.09
Other Expenses	5,500.00	3,500.00	2,883.55	616.45
Senior Citizen Community Center:				
Salaries and Wages	7,000.00	10,000.00	9,906.16	93.84
Other Expenses	9,400.00	11,400.00	11,341.39	58.61
Senior Citizen Transportation - Contracted	5,000.00	5,000.00	3,588.00	1,412.00
Parks and Playgrounds				
Other Expenses	14,000.00	9,000.00	4,868.74	4,131.26

See accompanying notes.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS Operations - Within "CAPS"					
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	100.00	100.00		100.00	
Postage					
Other Expenses	20,000.00	20,000.00	15,792.28	4,207.72	
STATE UNIFORM CONSTRUCTION CODE OFFICIALS					
Construction Code Official:					
Salaries and Wages	85,300.00	84,800.00	84,228.30	571.70	
Other Expenses	3,600.00	3,600.00	3,213.69	386.31	
UTILITY EXPENSE AND BULK PURCHASES					
Fuel for Motor Vehicles	70,000.00	85,000.00	77,560.22	7,439.78	
Telephone and Telecommunication	45,000.00	45,000.00	43,968.26	1,031.74	
Street Lighting	145,000.00	145,000.00	137,217.39	7,782.61	
Fuel Oil	10,000.00	10,000.00	6,802.90	3,197.10	
Natural Gas	25,000.00	25,000.00	23,298.08	1,701.92	
Electricity	55,000.00	55,000.00	52,221.62	2,778.38	
Landfill Disposal Costs	210,000.00	217,000.00	198,427.78	18,572.22	
Total Operations Within "CAPS"	5,651,230.00	5,667,430.00	5,453,489.64	213,940.36	
Contingent	500.00	500.00		500.00	
Total Operations Including Contingent Within "CAPS"	5,651,730.00	5,667,930.00	5,453,489.64	214,440.36	
Detail:					
Salaries and Wages	3,180,550.00	3,105,300.00	3,053,157.14	52,142.86	
Other Expenses	2,471,180.00	2,562,630.00	2,400,332.50	162,297.50	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"					

See accompanying notes.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS Operations - Within "CAPS"					
Statutory Expenditures:					
Contribution To:					
Public Employees' Retirement System	183,532.00	177,332.00	177,277.50	54.50	
Social Security System (O.A.S.I.)	144,000.00	134,000.00	128,851.82	5,148.18	
Police and Firemen's Retirement System	444,662.00	444,662.00	444,662.00		
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	772,194.00	755,994.00	750,791.32	5,202.68	
Total General Appropriations for Municipal Purposes Within "CAPS"	6,423,924.00	6,423,924.00	6,204,280.96	219,643.04	
GENERAL APPROPRIATIONS Operations - Excluded From "CAPS"					
Maintenance of Free Public Library (P.L. 1985, Ch.541)	246,955.00	246,955.00	184,745.06	62,209.94	
Total Other Operations Excluded From "CAPS"	246,955.00	246,955.00	184,745.06	62,209.94	
SHARED SERVICE AGREEMENTS					
911 Services (County of Monmouth)	9,400.00	9,400.00	9,347.08	52.92	
Other Expenses					
Recycling (Hazlet)	4,500.00	4,500.00	350.00	4,150.00	
Other Expenses					
Total Shared Service Agreements	13,900.00	13,900.00	9,697.08	4,202.92	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Clean Communities Program	11,486.56	11,486.56	11,486.56		
Body Armor Replacement Grant	2,804.34	2,804.34	2,804.34		
Recycling Tonnage Grant	7,124.07	7,124.07	7,124.07		
Office on Aging Grant:					
Grant Share	36,000.00	36,000.00	36,000.00		
Local Share	41,760.00	41,760.00	41,760.00		
Hazardous Discharge Site Remediation Fund					
DWI Saturation Patrol	48,617.00	391,540.00	391,540.00		
Municipal Drug Alliance Program:					
Local Share	6,676.00	6,676.00	6,676.00		
State Share	26,704.00	26,704.00	26,704.00		

See accompanying notes.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS					
Operations - Excluded from "CAPS"					
Total Public and Private Programs Offset By Revenues	181,171.97	536,894.97	536,894.97		
Total Operations - Excluded From "CAPS"	442,026.97	797,749.97	731,337.11	66,412.86	
Detail:					
Other Expenses	442,026.97	797,749.97	731,337.11	66,412.86	
Capital Improvements - Excluded From "CAPS"					
Acquisition of Firefighter Turnout Gear	20,000.00	20,000.00	20,000.00		
Total Capital Improvements - Excluded From "CAPS"	20,000.00	20,000.00	20,000.00		
Municipal Debt Service - Excluded From "CAPS"					
Payment of Bond Principal	310,000.00	310,000.00	310,000.00		
Payment of Bond Anticipation Notes and Capital Notes	160,000.00	160,000.00	160,000.00		
Interest on Bonds	190,260.00	190,260.00	190,260.00		
Interest on Notes	69,000.00	69,000.00	68,389.49		\$ 610.51
Total Municipal Debt Service - Excluded From "CAPS"	729,260.00	729,260.00	728,649.49		610.51
Deferred Charges - Municipal - Excluded From "CAPS"					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	50,000.00	50,000.00	50,000.00		
Total Deferred Charges - Municipal - Excluded From "CAPS"	50,000.00	50,000.00	50,000.00		

See accompanying notes.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Appropriations		Expended		Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Reserved	
GENERAL APPROPRIATIONS					
Operations - Excluded from "CAPS"					
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1&17.3)	44,817.00	44,817.00	44,817.00		
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	1,286,103.97	1,641,826.97	1,574,803.60	66,412.86	610.51
Subtotal General Appropriations	7,710,027.97	8,065,750.97	7,779,084.56	286,055.90	610.51
Reserve for Uncollected Taxes	695,628.42	695,628.42	695,628.42		
Total General Appropriations	\$ 8,405,656.39	\$ 8,761,379.39	\$ 8,474,712.98	\$ 286,055.90	\$ 610.51
Reference	A-3			A	A-3
Analysis of Budget After Modifications:					
Original Budget	A-3	\$ 8,405,656.39			
Appropriated by N.J.S.A. 40A:4-87		355,723.00			
	A-2	8,761,379.39			
Analysis of Paid or Charged:					
Reserve for Uncollected Taxes	A-2		\$ 695,628.42		
Cash Disbursements	1-A		6,986,272.42		
Encumbrances Payable	10-A		205,917.17		
Deferred Charges:					
Special Emergency Authorizations	8-A		50,000.00		
Reserve for Appropriated Grants	22-A		536,894.97		
			\$ 8,474,712.98		

See accompanying notes.

TRUST FUND

EXHIBIT

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2011 and 2010

<u>Assets</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>	<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Animal Control Trust Fund:				Reserve For Animal Control Fund			
Cash	1-B	\$ 11,431.72	\$ 8,380.47	Expenditures	2-B	\$ 11,431.72	\$ 8,380.47
Total Animal Control Trust Fund		<u>11,431.72</u>	<u>8,380.47</u>	Total Animal Control Trust Fund		<u>11,431.72</u>	<u>8,380.47</u>
Other Trust Funds:				Other Trust Funds:			
Cash				Due To:			
Due From Current Fund	1-B 4-B	433,047.91 364.94	502,703.70	State of New Jersey	3-B	575.00	300.00
				Current Fund	4-B		460.85
				Various Reserves	5-B	432,837.85	501,942.85
Total Other Trust Funds		<u>433,412.85</u>	<u>502,703.70</u>	Total Other Trust Funds		<u>433,412.85</u>	<u>502,703.70</u>
Open Space Trust Fund:				Open Space Trust Fund:			
Cash	1-B	101,440.13	115,423.73	Reserve for:			
				Encumbrances	6-B		28,433.20
Total Open Space Trust Fund		<u>101,440.13</u>	<u>115,423.73</u>	Open Space	7-B	101,440.13	86,990.53
				Total Open Space Trust Fund		<u>101,440.13</u>	<u>115,423.73</u>
Total Assets		<u>\$ 546,284.70</u>	<u>\$ 626,507.90</u>	Total Liabilities and Reserves		<u>\$ 546,284.70</u>	<u>\$ 626,507.90</u>

See accompanying notes.

GENERAL CAPITAL FUND

EXHIBITS

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2011 and 2010

<u>Assets</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Cash and Investments - Treasurer				Serial Bonds Payable	5-C	\$ 7,550,000.00	\$ 4,860,000.00
Investment in Special Emergency Note				Bond Anticipation Notes	6-C	3,880,400.00	6,571,300.00
Due From:				Green Trust Loan Payable	13-C	607,176.59	639,085.04
State of New Jersey DEP	1-C,2-C	\$ 1,514,512.26	\$ 848,010.10	Improvement Authorizations:			
State of New Jersey DOT	14-C		50,000.00	Funded	7-C	155,855.94	59,425.66
CDBG				Unfunded	7-C	1,467,544.50	1,575,531.38
Deferred Charges to Future Taxation:				Reserve For:			
Funded	9-C	1,097,500.00	1,097,500.00	Encumbrances	15-C	1,511,027.10	296,528.36
Unfunded	10-C	531,250.00	419,073.35	Other Reserves	16-C	452,376.54	798,324.54
	11-C	194,559.00	36,077.95	DEP Grant Receivable	17-C	672,500.00	672,500.00
	3-C	8,157,176.59	5,499,085.04	Capital Improvement Fund	8-C	22,375.69	41,948.69
	4-C	4,906,889.23	7,590,889.23	Due To Current Fund	12-C	266.39	88.65
				Fund Balance	C-1	82,364.33	25,903.35
Total Assets		\$ 16,401,887.08	\$ 15,540,635.67	Total Liabilities, Reserves and Fund Balance		\$ 16,401,887.08	\$ 15,540,635.67

See accompanying notes.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

COMPARATIVE STATEMENT OF FUND BALANCE
REGULATORY ACCOUNTING BASIS

Years ended December 31, 2011 and 2010

	<u>Reference</u>		
Balance, December 31, 2010	C		\$ 25,903.35
Increased By:			
Premium on Sale of Bonds		\$ 50,244.00	
Bond Anticipation Note Premium		<u>6,216.98</u>	
	1-C		<u>56,460.98</u>
Balance, December 31, 2011	C		<u>\$ 82,364.33</u>

See accompanying notes.

WATER/SEWER UTILITY FUND

EXHIBITS

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2011 and 2010

<u>Assets</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>	<u>Liabilities, Reserves and Fund Balances</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Operating Fund:				Operating Fund:			
Cash	1-D	\$ 263,586.02	\$ 437,250.90	Appropriation Reserves	D-4,6-D	\$ 7,782.29	\$ 52,707.96
				Reserve for Encumbrances	7-D	5,989.51	18,378.82
				Customer Overpayments	15-D	5,053.93	1,443.85
				Prepaid Customer Accounts	16-D	216,764.82	262,280.25
				Accrued Interest on Bonds, Notes and Loans	8-D	23,053.56	24,399.74
						258,644.11	359,210.62
Receivables With Full Reserves:				Reserve for Receivables	D	1,043,899.67	252,229.75
BRSA Rent Reserve	D	806,631.04		Fund Balance	D-1	4,941.91	78,040.28
Consumer Accounts Receivable	3-D	237,268.63	252,229.75			1,048,841.58	330,270.03
		1,043,899.67	252,229.75			1,307,485.69	689,480.65
Total Operating Fund		1,307,485.69	689,480.65	Total Operating Fund			
				Capital Fund:			
				Serial Bonds	13-D	230,000.00	330,000.00
				Bond Anticipation Notes	14-D	4,193,600.00	2,594,600.00
				Reserve for Encumbrances	18-D	10,263.00	3,550.39
				Improvement Authorizations:			
				Unfunded	9-D	3,246,834.59	1,554,342.47
				Capital Improvement Fund	10-D	87.00	87.00
				Reserve for State & Federal Grants/Loans	17-D	3,500,000.00	3,500,000.00
				Reserve for Amortization	11-D	3,444,005.39	3,344,005.39
				Deferred Reserve for Amortization	12-D	262,400.00	205,400.00
				Fund Balance	D-2	0.99	7,190.99
				Total Capital Fund		14,887,190.97	11,539,176.24
Total Assets		\$ 16,194,676.66	\$ 12,228,656.89	Total Liabilities, Reserves and Fund Balances		\$ 16,194,676.66	\$ 12,228,656.89

See accompanying notes.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY ACCOUNTING BASIS

Years ended December 31, 2011 and 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	D-3	\$ 78,000.00	
Water and Sewer Rents and Charges	D-3	3,103,020.06	\$ 3,125,382.00
Miscellaneous Revenue	D-3	211,658.67	169,513.32
Capital Improvement Fund Cancelled			45,600.00
Capital Fund Balance	D-3/1-D	7,190.00	8,400.00
Other Credits To Income:			
Accounts Payable Cancelled			5,400.00
Unexpended Balance of Appropriation			
Reserves	6-D	<u>5,894.22</u>	<u>15,328.34</u>
Total Revenue		<u>3,405,762.95</u>	<u>3,369,623.66</u>
Expenditures:			
Operating	D-4	960,426.00	1,046,852.36
Acquisition of Water	D-4	542,000.00	520,000.00
Bayshore Regional Sewerage Authority	D-4	1,640,300.00	1,451,200.00
Debt Service	D-4	213,135.32	210,700.74
Deferred Charges	D-4	<u>45,000.00</u>	<u>64,122.64</u>
		<u>3,400,861.32</u>	<u>3,292,875.74</u>
Excess in Revenue	D-1	4,901.63	76,747.92
Fund Balance, January 1	D	<u>78,040.28</u>	<u>1,292.36</u>
		82,941.91	78,040.28
Decreased By:			
Utilized as Anticipated Revenue	D-1	<u>78,000.00</u>	<u> </u>
Fund Balance, December 31	D	<u><u>\$ 4,941.91</u></u>	<u><u>\$ 78,040.28</u></u>

See accompanying notes.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

COMPARATIVE STATEMENT OF FUND BALANCE
REGULATORY ACCOUNTING BASIS

Years ended December 31, 2011 and 2010

	<u>Reference</u>	
Balance, December 31, 2010	D	\$ 7,190.99
Decreased By:		
Anticipated as Operating Revenue	1-D	<u>7,190.00</u>
Balance, December 31, 2011	D	<u><u>\$ 0.99</u></u>

See accompanying notes.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Anticipated	\$ 78,000.00	\$ 78,000.00	
Water/Sewer Rents	3,125,382.00	3,103,020.06	\$ (22,361.94)
Miscellaneous	192,900.00	211,658.67	18,758.67
Capital Fund Balance	<u>7,190.00</u>	<u>7,190.00</u>	
	<u>\$ 3,403,472.00</u>	<u>\$ 3,399,868.73</u>	<u>\$ (3,603.27)</u>

Reference

D-4

D-1

Analysis of Miscellaneous Revenue Anticipated

Turn On Charges	\$ 6,100.00
Meter With Turn On	273.98
Water Connection Fees	4,500.00
Sewer Connection Fees	4,500.00
Pool Fill Permits	240.00
NSF Charges	140.00
Cell Tower Leases	154,575.00
Meter Test Charges	70.00
New Meter Installation	233.98
Annual Hydrant Fees	826.03
Fire Connection Charge	10,437.26
Interest on Delinquent Accounts	28,642.42
Miscellaneous	<u>1,120.00</u>
D-3/1-D	<u>\$ 211,658.67</u>

See accompanying notes.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Appropriations		Paid or Charged	Canceled	Reserved
	Original Budget	Budget After Modifications			
Operating:					
Salaries and Wages	\$ 550,000.00	\$ 532,000.00	\$ 531,525.85		\$ 474.15
Other Expenses	456,726.00	428,426.00	423,313.66		5,112.34
Bayshore Regional Sewerage Authority	1,650,000.00	1,640,300.00	1,640,200.91		99.09
Acquisition of Water	480,000.00	542,000.00	541,509.55		490.45
Total Operating	3,136,726.00	3,142,726.00	3,136,549.97		6,176.03
Debt Service:					
Payment on Bond Principal	100,000.00	100,000.00	100,000.00		
Payments on Notes	57,000.00	57,000.00	57,000.00		
Interest on Bonds	15,985.00	15,985.00	15,984.38	\$ 0.62	
Interest on Notes	42,761.00	42,761.00	40,150.94	2,610.06	
Total Debt Service	215,746.00	215,746.00	213,135.32	2,610.68	
Statutory Expenditures:					
Contributions To:					
Social Security System (O.A.S.I.)	49,000.00	43,000.00	41,393.74		1,606.26
PERS	2,000.00	2,000.00	2,000.00		
Total Statutory Expenditures	51,000.00	45,000.00	43,393.74		1,606.26
Total Water/Sewer Utility Appropriations	\$ 3,403,472.00	\$ 3,403,472.00	\$ 3,393,079.03	\$ 2,610.68	\$ 7,782.29
	Reference	D-3	D-4	D-1	D
Cash Disbursed	1-D		\$ 3,330,954.20		
Reserve for Encumbrances	7-D		5,989.51		
Accrued Interest on Bonds and Notes	8-D		56,135.32		
			\$ 3,393,079.03		

See accompanying notes.

PAYROLL FUND

EXHIBITS

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

PAYROLL FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2011 and 2010

<u>Assets</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>	<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Cash	1-E	\$ 3,812.42	\$ 24,376.55	Due To Current Fund	E	614.24	\$ 614.24
				Payroll Deductions Payable	1-E	3,198.18	23,762.31
Total Assets		<u>\$ 3,812.42</u>	<u>\$ 24,376.55</u>	Total Liabilities and Reserves		<u>\$ 3,812.42</u>	<u>\$ 24,376.55</u>

See accompanying notes.

GENERAL FIXED ASSETS ACCOUNT GROUP
EXHIBIT

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS -
REGULATORY ACCOUNTING BASIS

December 31, 2011 and 2010

	<u>Reference</u>	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
Land	1-F	\$ 5,186,100.00	\$ 5,186,100.00
Buildings and Improvements	1-F	5,481,800.00	5,481,800.00
Motor Vehicles and Equipment	1-F	2,876,199.08	2,876,199.08
Machinery and Equipment	1-F	344,731.30	344,731.30
Office Furniture and Equipment	1-F	163,066.09	163,066.09
Other Equipment	1-F	<u>218,914.00</u>	<u>218,914.00</u>
Total General Fixed Assets		<u>\$ 14,270,810.47</u>	<u>\$ 14,270,810.47</u>
Investment in General Fixed Assets		<u>\$ 14,270,810.47</u>	<u>\$ 14,270,810.47</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

The Borough of Keyport, County of Monmouth, New Jersey ("Borough") is governed under the Borough form of New Jersey municipal government. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of the municipal library, first aid organization or volunteer fire companies which are subject to separate audit and are considered component units under GAAP. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Funds

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with GAAP.

The accounting policies of the Borough conform to the accounting principles and practices applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The accompanying financial statements are presented in the format prescribed by the State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and are a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds:

Current Fund - is used to account for all revenues and expenditures applicable to the general operations of Borough departments.

Trust Funds - are used to account for assets held by the Borough in a trustee capacity or as an agent for individuals and other governmental agencies. Funds held by the Borough which have restrictions placed on the use of such funds are recorded in the Trust Fund.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

General Capital Fund - is used to account for financial resources to be used for the acquisition of general capital facilities. The major resources are derived from the sale of serial bonds and bond anticipation notes.

Water/Sewer Utility Operating and Capital Funds – are used to account for the operations and acquisition of capital facilities of the municipally-owned Water/Sewer Utility.

Payroll Agency Fund – is used for payroll deductions and Social Security contributions of municipal and utility operations.

General Fixed Assets Account Group - The Borough has complied with Technical Accounting Directive No. 85-2 issued by the Division of Local Government Services. Technical Accounting Directive No. 85-2 utilizes the following accounting policies:

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for land which is valued at estimated market value.

No depreciation is provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital are not accounted for separately.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services differ in certain respects from GAAP applicable to local government units. The more significant differences follow.

A modified accrual basis of accounting is followed by the Borough. Modifications from the accrual basis follow:

Revenues

Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and federal grants for operating purposes are realized as revenues when anticipated in the Borough budget. Receivables for property taxes are recorded with offsetting reserves within the Current Fund. 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.

Expenditures

- (a) Disbursements for Current Fund inventory-type items are considered expenditures at the time of purchase;
- (b) Prepaid expenses are not recorded;
- (c) Interest on long-term debt included in the General Capital Fund is recorded as an expenditure when paid;
- (d) The encumbrance method of accounting, which records commitments such as purchase orders and contracts as a charge against the current year's budget in addition to expenditures made or accrued, is utilized. The cash basis of accounting, however, is followed for recording the Borough's share of contributions for fringe benefits, such as retirement plans, accrued sick leave and vacation leave.

Appropriation reserves are recorded at December 31 for unexpended appropriation balances except for amounts which, according to state statutes, may be cancelled by the governing body. The appropriation reserves are available to satisfy specific claims, commitments or contracts incurred during the preceding fiscal year. At the end of the succeeding fiscal year, the remaining unexpended balances lapse to fund balance through other credits to revenue.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Had the Borough's financial statements been prepared under generally accepted accounting principles, the encumbrance method of accounting would be followed for expenditures presently reflected on a paid or charged basis, appropriation reserves would not be recorded, revenues susceptible to accrual would have been reflected without offsetting reserves and inventories would not be reflected as expenditures at the time of purchase.

Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

D. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services in accordance with N.J.S.A. 40A:4 et seq.

E. Grants

Current Fund - State and federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs.

Trust Fund - State and federal grants and assistance awards are dedicated by rider in the Trust Fund. A receivable and corresponding spending reserve are recorded when the grant is awarded.

Capital Fund - State and federal grants and assistance awards are recorded as a funding source for improvement authorizations or are established as receivables with an offsetting reserve.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

F. Assessment and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Local Unit, Local School District, County and Special Districts, the tax rate is struck by the County Tax 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 Local Unit Tax Collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector.

G. Foreclosed Property

Real property acquired for taxes is recorded in the Current Fund at assessed valuation when such property is acquired and is fully reserved.

H. Interfund Receivables

Interfund receivables created by cash transfers from the Current Fund are recorded with offsetting reserves created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in other funds are not offset by reserves.

I. Deferred Charges to Future Taxation Funded and Unfunded

Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the Current Fund budget. As funds are raised, the deferred charges are reduced.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans

Substantially, all Borough employees participate in the Public Employees' Retirement System ("PERS") and the Police and Fireman's Retirement System ("PFRS"). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities annually for their respective contributions. The plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The plans are cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each municipality in the state and, therefore, the actuarial data for the Borough is not available. The Division of Pensions issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, PERS and PFRS bill the Borough annually at an actuarially determinable rate for its required contribution.

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2011	\$ 177,277.50	\$ 444,662.00
2010	147,923.00	356,804.00
2009	127,054.00	414,209.20

Under the provisions of Chapter 78, P.L. 2011, employee pension contribution rates increased during 2011 by the following amounts:

- For PERS members, the employee pension contribution rate increased from 5.5% to 6.5% of salary. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary.

For PERS Prosecutors Part members, the employee pension contribution rate increased from 8.5% to 10% of salary.

- For PFRS members, the employee pension contribution rate increased from 8.5% to 10% of salary.

For local government employees and State employees who are not paid through the State Centralized Payroll Unit or not reported on a biweekly payroll schedule, the increase was effective with the first payroll amount to be paid on or after October 1, 2011.

The second phase of the employee contribution increase from 6.5% to 7.5% applies to PERS members. This increase is to be phased in equally over a 7-year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July, 2018.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

K. Deposits and Investments

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 insure deposits, the State of New Jersey Cash Management Fund and government money market mutual funds through registered broker/dealers and banks. The New Jersey Governmental Unit Deposit Protection Act ("GUDPA") requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of 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.

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. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required.

Investments

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

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Government Money Market Mutual Funds.
- (c) 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 that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (d) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

K. Deposits and Investments (continued)

Deposits (continued)

- (e) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- (f) Local Government Investment Pools.
- (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).

Repurchase agreements (15.1(a)(8)) must comply with the following conditions:

- (a) The underlying securities are permitted investments, pursuant to the list contained in (a) and (c) above.
- (b) The custody of the collateral is transferred to a third party. This means the bank must contract with a trusted third party to hold the collateral to ensure it is not pledged against any other investments.
- (c) The maturity of the agreement is not more than 30 days.
- (d) The underlying securities are purchased through a GUDPA bank.
- (e) A master repurchase agreement providing for the custody and security of collateral is executed.

Local Government Investment Pools ("LGIP") (15.1(e)(2)) are subject to the following requirements:

- (a) It is managed in accordance with the SEC's government money market rules (2a-7).
- (b) It is rated in the highest category by a nationally recognized statistical rating organization.
- (c) Have their portfolio limited to U.S. Government securities as defined in 2a-7 and repurchase agreements that are collateralized by such U.S. Government securities.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

K. Deposits and Investments (continued)

Investments (continued)

Every local unit must have a Cash Management Plan ("Plan"); the Plan is subject to audit. In addition, when the Plan permits investments for more than one year, the investment must approximate the prospective use of funds. This primarily relates to U.S. securities and local bond issue purchases. The law also requires that cash management plans provide for the CFO to give the governing body a monthly report that summarizes:

- (a) All investments made or redeemed over the past month.
- (b) Each organization holding local unit funds.
- (c) The amount of securities purchased or sold, class or type of securities purchased, book value, earned income, fees incurred, and market value of all investments as of the report date.
- (d) Other information that may be required by the governing body.

The Borough is permitted to invest public funds in accordance with N.J.S.A. 40A:5-15.1. These investments include bonds or other obligations of the United States or obligations guaranteed by the United States, Government Money Market Mutual Funds, bond or other obligations of the Borough or bonds or other obligations of the school district, local government investment pools, and agreements for the repurchase of fully-collateralized securities, if purchased in accordance with N.J.S.A. 40A:5-15.1. The Borough is also permitted to invest Length of Service Award Program ("LOSAP") funds with the types of eligible investments authorized in N.J.A.C. 5:30-14.19. These investments include interest-bearing accounts or securities in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

L. Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time the individual items are purchased. The costs of inventories are not included on the various balance sheets.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

M. Basic Financial Statements

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the financial statements listed in the Table of Contents which are required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the Table of Contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

2. Deposits and Investments

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances at December 31, 2011 and 2010 are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At December 31, 2011 and 2010, the book value of the Borough's deposits were \$ 5,342,587.78 and \$ 3,477,682.23, respectively.

Custodial Credit Risk Related to Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the FDIC. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

2. Deposits and Investments (continued)

Deposits (continued)

At December 31, 2011 and 2010, the Borough's bank balances of \$5,373,093.12 and \$4,394,009.13 respectively, were exposed to Custodial Credit Risk as follows:

	<u>2011</u>	<u>2010</u>
Insured	\$ 5,373,093.12	\$ 4,394,009.13
Uninsured and Uncollateralized	<u>0.00</u>	<u>0.00</u>
	<u>\$ 5,373,093.12</u>	<u>\$ 4,394,009.13</u>

Investments

As of December 31, 2011 and 2010, the Borough had the following investments:

	<u>Fair Value</u>	<u>Book Value</u>
2011:		
General Capital Fund BANs Held by Current Fund	<u>\$ 0.00</u>	<u>\$ 0.00</u>
2010:		
General Capital Fund BANs Held by Current Fund	<u>\$ 50,000.00</u>	<u>\$ 50,000.00</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

2. Deposits and Investments (continued)

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for Custodial Risk.

Interest Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices.

The fair value of the above-listed investments were based on quoted market prices.

3. Interfund Balances and Activity

Balances due to/from other funds at December 31, 2011 consist of the following:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 880.63	\$ 60,920.58
Federal and State Grant Fund	60,555.64	
Trust Fund	364.94	
General Capital Fund		266.39
Payroll Agency Fund		<u>614.24</u>
Total	<u>\$ 61,801.21</u>	<u>\$ 61,801.21</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

4. Taxes, Water Utility, Sewer Utility Receivables

Receivables at December 31, 2011 consisted of the following:

	<u>Current Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Property Taxes	\$ 680,629.35		\$ 680,629.35
Utility Rents	<u> </u>	\$ 237,268.63	<u>237,268.63</u>
	<u>\$ 680,629.35</u>	<u>\$ 237,268.63</u>	<u>\$ 917,897.98</u>

In 2011, the Borough collected \$ 622,039.51 and \$ 252,229.75 from delinquent taxes and utility rents, which represented 100% and 100% of the delinquent tax and utility charges receivable at December 31, 2010.

Receivables at December 31, 2010 consisted of the following:

	<u>Current Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
Property Taxes	\$ 622,039.51		\$ 622,039.51
Utility Rents	<u> </u>	\$ 252,229.75	<u>252,229.75</u>
	<u>\$ 622,039.51</u>	<u>\$ 252,229.75</u>	<u>\$ 874,269.26</u>

In 2010, the Borough collected \$ 653,326.41 and \$ 208,329.24 from delinquent taxes and utility rents, which represented 100% and 100% of the delinquent tax and utility charges receivable at December 31, 2009.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

5. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the years 2011 and 2010.

<u>2011</u>	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2011</u>
Land	\$ 5,186,100.00			\$ 5,186,100.00
Buildings & Imps.	5,481,800.00			5,481,800.00
Motor Vehicles & Equip.	2,876,199.08			2,876,199.08
Machinery & Equip.	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>
Total	<u>\$ 14,270,810.47</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 14,270,810.47</u>

<u>2010</u>	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2010</u>
Land	\$ 5,186,100.00			\$ 5,186,100.00
Buildings & Imps.	5,481,800.00			5,481,800.00
Motor Vehicles & Equip.	2,847,471.08	\$ 28,728.00		2,876,199.08
Machinery & Equip.	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	<u>\$ 14,242,082.47</u>	<u>\$ 28,728.00</u>	<u>\$ 0.00</u>	<u>\$ 14,270,810.47</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt

Summary of Municipal Debt (Excluding
Current and Operating Debt and Type I School Debt)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Issued</u>			
General Capital Bonds, Notes and Loans	\$ 12,037,576.59	\$ 12,070,385.04	\$ 12,552,368.00
Water/Sewer Utility Bonds and Notes	<u>4,423,600.00</u>	<u>2,924,600.00</u>	<u>2,081,600.00</u>
Total Issued	<u>16,461,176.59</u>	<u>14,994,985.04</u>	<u>14,633,968.00</u>
<u>Authorized But Not Issued</u>			
General Capital Bonds and Notes	1,026,489.23	1,025,589.23	1,504,933.00
Water/Sewer Utility Bonds and Notes	<u>994,000.00</u>	<u>750,000.00</u>	<u>1,750,000.00</u>
Total Authorized But Not Issued	<u>2,020,489.23</u>	<u>1,775,589.23</u>	<u>3,254,933.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$18,481,665.82</u>	<u>\$ 16,770,574.27</u>	<u>\$ 17,888,901.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.75%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$ 6,440,000.00	\$ 6,440,000.00	
Water/Sewer Utility Debt	5,417,600.00	5,397,748.20	\$ 19,851.80
General Debt	<u>13,064,065.82</u>	<u>378,626.70</u>	<u>12,685,439.12</u>
	<u>\$24,921,665.82</u>	<u>\$12,216,374.90</u>	<u>\$12,705,290.92</u>

Net Debt \$ 12,705,290.92 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$ 726,730,477 = 1.75%.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt (continued)

Borrowing Power Under N.J.S. 40A:2-6 as Amended

3.5% of Equalized Valuation Basis (Municipal)	\$ 25,435,566.70
Less: Net Debt	<u>12,705,290.92</u>

Remaining Borrowing Power	<u>\$ 12,730,275.78</u>
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Calculation of "Self-Liquidating Purposes"- Water/Sewer Utility per N.J.S. 40A:2-45

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 3,399,868.73
---	-----------------

Deductions:	
Operating and Maintenance Costs	\$ 3,187,726.00
Debt Service per Water/Sewer Account	<u>213,135.32</u>
	<u>3,400,861.32</u>

Excess/(Deficit) in Revenue	<u>\$ (992.59)</u>
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The Borough's long-term debt consisted of the following at December 31, 2011:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance December 31, 2011</u>
<u>General Capital Fund</u>				
Various Improvements	02/15/03	\$6,055,000.00	Various	\$4,550,000.00
Various Improvements	08/04/11	3,055,000.00	Various	<u>3,000,000.00</u>
Total				<u>\$7,550,000.00</u>
<u>Water/Sewer Utility Fund</u>				
Refunding Bonds	07/01/94	\$ 1,315,000.00	5.625%	<u>\$ 230,000.00</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt (continued)

Debt service requirements during the next several years are as follows:

General Capital Fund

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 510,000.00	\$ 275,833.75	\$ 785,833.75
2013	535,000.00	258,236.25	793,236.25
2014	535,000.00	239,255.00	774,255.00
2015	560,000.00	219,702.50	779,702.50
2016	560,000.00	199,662.50	759,662.50
2017	585,000.00	179,038.75	764,038.75
2018	585,000.00	157,638.75	742,638.75
2019	600,000.00	135,642.50	735,642.50
2020	615,000.00	112,727.50	727,727.50
2021	615,000.00	89,193.75	704,193.75
2022	625,000.00	65,343.75	690,343.75
2023	625,000.00	41,031.25	666,031.25
2024	200,000.00	24,000.00	224,000.00
2025	200,000.00	16,000.00	216,000.00
2026	<u>625,000.00</u>	<u>8,000.00</u>	<u>208,000.00</u>
	<u>\$ 7,550,000.00</u>	<u>\$ 2,021,306.25</u>	<u>\$ 9,571,306.25</u>

Water/Sewer Utility Fund

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 110,000.00	\$ 12,937.50	\$ 122,937.50
2013	<u>120,000.00</u>	<u>6,750.00</u>	<u>126,750.00</u>
	<u>\$ 230,000.00</u>	<u>\$ 19,687.50</u>	<u>\$ 249,687.50</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt (continued)

Green Acres Trust Loan

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 32,549.82	\$ 11,981.60	\$ 44,531.42
2013	33,204.07	11,327.34	44,531.41
2014	33,871.47	10,659.94	44,531.41
2015	34,552.28	9,979.12	44,531.40
2016	35,246.78	9,284.62	44,531.40
2017	35,955.24	8,576.16	44,531.40
2018	36,677.94	7,853.46	44,531.40
2019	37,415.17	7,116.23	44,531.40
2020	38,167.22	6,364.19	44,531.41
2021	38,934.38	5,597.03	44,531.41
2022	39,716.96	4,814.45	44,531.41
2023	40,515.27	4,016.13	44,531.40
2024	41,329.62	3,201.78	44,531.40
2025	42,160.35	2,371.05	44,531.40
2026	43,007.77	1,523.63	44,531.40
2027	<u>43,872.23</u>	<u>659.17</u>	<u>44,531.40</u>
	<u>\$ 607,176.59</u>	<u>\$ 105,325.92</u>	<u>\$ 712,502.51</u>

7. Bond Anticipation Notes

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding ten years. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that, on or before the third anniversary date of the original note, a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

7. Bond Anticipation Notes (continued)

On December 31, 2011, the Borough had the following outstanding bond anticipation notes:

<u>Improvement Description</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2011</u>
<u>General Capital Fund</u>			
Construction of Public Works Complex	08/03/12	1%	\$ 89,000.00
Waterfront Park/Bulkhead Improvements	08/03/12	1%	721,000.00
Waterfront Park/Bulkhead Improvements	08/03/12	1%	341,000.00
Improvements to Cedar Street	08/03/12	1%	15,300.00
Improvements to Beers Street	08/03/12	1%	284,000.00
Waterfront Park & Related Improvements	08/03/12	1%	825,000.00
Various Capital Improvements	08/03/12	1%	308,000.00
Various Capital Improvements	08/03/12	1%	598,000.00
Improvements to Beers Street, Phase III	08/03/12	1%	105,000.00
Various Capital Improvements	08/03/12	1%	150,000.00
Various Roadway Improvements	08/03/12	1%	<u>444,100.00</u>
			<u>\$ 3,880,400.00</u>
<u>Water/Sewer Capital Fund</u>			
Repair/Improvements to Water/Sewer System	08/03/12	1%	\$ 130,000.00
Perry Street Water Treatment Facility Upgrade	08/03/12	1%	1,005,000.00
Cass Street Standpipe Painting Project	08/03/12	1%	402,000.00
Sanitary Sewer System Upgrades USDA	08/03/12	1%	1,000,000.00
Sanitary Sewer System Upgrades USDA	08/03/12	1%	<u>1,656,000.00</u>
			<u>\$ 4,193,600.00</u>

8. Bonds and Notes Authorized But Not Issued

At December 31, 2011, the Borough of Keyport had \$1,026,489.23 in authorized but not issued bonds and notes of the General Capital Fund and \$994,000.00 of the Water/Sewer Utility Fund.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

9. Fund Balance Appropriated

Current Fund

The fund balance at December 31, 2011 was \$56,503.51, of which \$53,000.00 was appropriated and included as anticipated revenue for the year ended December 31, 2012.

Water/Sewer Utility Fund

The fund balance at December 31, 2011 was \$4,941.91, of which \$4,900.00 was appropriated and included as anticipated revenue for the year ended December 31, 2012.

10. Deferred Charges to be Raised in Succeeding Years' Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, there were no deferred charges shown on the various balance sheets.

11. Accrued Sick and Vacation Benefits - Unaudited

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused sick pay. The Borough permits its employees to accumulate unused vacation and sick pay. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. The Reserve for Accumulated Sick and Vacation Pay totaled \$333,690.00 and \$348,318.77 at December 31, 2011 and 2010, respectively.

12. 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 PERS employees do not receive any post-retirement benefits.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

13. Contingent Liabilities

State and Federal Grants

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2011, the Borough estimates that no material liabilities will result from such audits.

Pending Litigation

There are actions, which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

14. 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 will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program which has a contract for excess liability insurance for property, general liability, auto liability, public official liability, law enforcement liability and workman's compensation.

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

The balances as of December 31, 2011 and 2010 were \$11,981.07 and \$12,864.54, respectively.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

15. American Recovery and Reinvestment Act of 2009 ("ARRA")

During 2009, the Borough was awarded a total of \$3,500,000.00 under the ARRA program by the United States Department of Agriculture ("USDA") for sanitary sewer system upgrades and inflow/infiltration reduction projects, consisting of a grant in the amount of \$844,000.00 and a loan of \$2,656,000.00. The Borough has recorded a receivable offset by a reserve in the total amount of \$3,500,000.00 within the Water/Sewer Utility Capital Fund. The Borough has appropriated and authorized \$1,600,000.00 for project expenditures and has reported incurred expenditures of \$186,776.00 for the year ended December 31, 2011. In 2011 the Borough appropriated and authorized an additional \$1,900,000.00 for project expenditures.

16. Deferred Compensation Program

The Borough has instituted a Deferred Compensation Plan ("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.

17. Subsequent Events

Bonds and Notes Authorized

On June 26, 2012 the Borough adopted General Capital Bond Ordinance Number 08-12 for Improvements to Osborne Street. The Bond Ordinance appropriated \$900,000 and authorized the issuance of bonds and notes in the amount of \$700,000.

Issuance of Refunding Bonds

On May 22, 2012 the Borough issued \$3,525,000 in 2012 Refunding Bonds through the Monmouth County Improvement Authority. The Refunding Bonds were issued to advance refund \$3,905,000 of the Borough's outstanding December 15, 2003 General Improvement Bonds.

SUPPLEMENTARY SCHEDULES

CURRENT FUND
SCHEDULES

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	A		\$ 725,840.93
Increased By Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 100,753.71	
Due From State of New Jersey - Senior Citizens' and Veterans' Deductions	3-A	53,250.00	
Taxes Receivable	4-A	16,065,099.07	
Revenue Accounts Receivable	7-A	1,948,236.39	
Prepaid Taxes	11-A	73,235.29	
Due From Trust Other Fund	19-A	825.79	
Tax Overpayments	15-A	12,770.50	
Due From General Capital Fund	16-A	749,822.26	
Various Reserves	20-A	26,480.00	
Grants Receivable	21-A	83,695.71	
Reserve for Unappropriated Grants	23-A	<u>14,280.75</u>	
			<u>19,128,449.47</u>
			19,854,290.40
Decreased By Disbursements:			
Accounts Payable	14-A	5,840.00	
Budget Appropriations	A-3	6,986,272.42	
2010 Appropriation Reserves	9-A	218,056.61	
County Taxes	12-A	1,991,194.87	
School Taxes Payable	13-A	8,443,288.00	
Business Improvement District Taxes	18-A	118,000.00	
Municipal Open Space Taxes	A-1	188,677.00	
Tax Overpayments	15-A	145,490.93	
Due from General Capital Fund	16-A	750,000.00	
Various Reserves	20-A	33,184.29	
Special Emergency Note Payable	A	50,000.00	
Reserve for Appropriated Grants	22-A	<u>173,239.54</u>	
			<u>19,103,243.66</u>
Balance, December 31, 2011	A		<u><u>\$ 751,046.74</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CHANGE FUND

Year ended December 31, 2011

Reference

Balance, December 31, 2011 and 2010

A

\$ 525.00

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE FROM STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	A		\$ 2,639.20
Increased By:			
Senior Citizens' Deductions Per Billing		\$ 14,000.00	
Veterans' Deductions Per Tax Billing		39,000.00	
2011 Seniors Citizens'/Vets' Deduction			
Allowed by Tax Collector		<u>1,250.00</u>	
	4-A		<u>54,250.00</u>
			56,889.20
Decreased By:			
Cash Receipts	1-A	53,250.00	
Senior Citizens Deductions Disallowed			
by Collector:			
2010	A-1,4-A	<u>500.00</u>	
			<u>53,750.00</u>
Balance, December 31, 2011	A		<u><u>\$ 3,139.20</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year ended December 31, 2011

Year	Balance December 31, 2010	2011 Levy	Year End Penalty	Senior Citizens' and Veterans' Deductions		Collections		Senior Citizens' and Veterans' Deductions Allowed	Transfer to Liens	Cancelled	Balance December 31, 2011
				Disallowed		2010	2011				
2010	\$ 622,039.51	\$ 16,329,746.32	\$ 20,404.73	\$ 500.00		\$ 77,523.87	\$ 622,539.51	\$ 54,250.00	\$ 7,521.12	\$ 87,667.15	\$ 680,629.35
2011							15,442,559.56				
	\$ 622,039.51	\$ 16,329,746.32	\$ 20,404.73	\$ 500.00		\$ 77,523.87	\$ 16,065,099.07	\$ 54,250.00	\$ 7,521.12	\$ 87,667.15	\$ 680,629.35
Reference	A	4-A	4-A	3-A	11-A		1-A	3-A	5-A	4-A	A
<u>Analysis of Property Tax Levy</u>											
<u>Tax Yield</u>											
General Purpose Tax:											
General Property Tax			4-A				\$ 16,213,519.76				
Special District Tax			4-A				115,976.37				
Added and Omitted Taxes			4-A				250.19				
							\$ 16,329,746.32				
<u>Tax Levy:</u>											
County Taxes			12-A			\$ 1,844,163.78					
County Open Space Tax			12-A			110,747.01					
County Health Tax			12-A			35,850.89					
Due County for Added Taxes			12-A			30.81					
Local District School Tax			13-A				\$ 1,990,792.49				
Special District Tax - Business Improvement District			18-A				8,443,288.00				
Municipal Open Space Tax			A-1				118,000.00				
							188,677.00				
Local Taxes for Municipal Purposes			A-2			5,587,050.42					
Add: Additional Tax Levied			4-A			1,938.41					
							5,588,988.83				
							\$ 16,329,746.32				
<u>Analysis of Current Year Tax Collections</u>											
2010 Cash Collections of 2011 Taxes			4-A				\$ 77,523.87				
2011 Cash Collections of 2011 Taxes			4-A				15,442,559.56				
Senior Citizens' and Veterans': Allowed on 2011 Taxes			3-A				54,250.00				
			A-1,A-2				\$ 15,574,333.43				

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 118,437.78
Increased By:		
Transfers From Taxes Receivable	4-A	<u>7,521.12</u>
Balance, December 31, 2011	A	<u>\$ 125,958.90</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2011 and 2010	A	<u>\$ 97,100.00</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	Accrued in <u>2011</u>	<u>Collections</u>	Balance December 31, <u>2011</u>
Licenses:				
Alcoholic Beverages		\$ 33,528.63	\$ 33,528.63	
Other		11,728.00	11,728.00	
Fees and Permits:				
Construction Code Fees	\$ 6,762.00	121,986.40	116,162.40	\$ 12,586.00
Other		147,200.84	147,200.84	
Fines and Costs - Municipal Court	8,615.49	232,858.84	228,161.93	13,312.40
Interest and Costs on Taxes		136,237.28	136,237.28	
Cable Television Fees		81,397.12	81,397.12	
PILOT:				
Senior Citizen Housing		245,003.00	245,003.00	
Bethany Manor Annex		74,535.54	74,535.54	
Insurance Dividend		22,453.00	22,453.00	
Consolidated Municipal Property Tax Relief		132,965.00	132,965.00	
Energy Receipts Tax		581,508.00	581,508.00	
Additional PILOT - Senior Citizen Housing		24,000.00	24,000.00	
Uniform Fire Safety Act		59,790.65	58,355.65	1,435.00
Interlocal - Union Beach Board of Health		5,000.00	5,000.00	
Reserve for Debt Service - General Capital Fund		50,000.00	50,000.00	
	<u>\$ 15,377.49</u>	<u>\$ 1,960,192.30</u>	<u>\$ 1,948,236.39</u>	<u>\$ 27,333.40</u>
<u>Reference</u>	A		1-A	A

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES - N.J.S.A. 40A:4-53
SPECIAL EMERGENCY AUTHORIZATIONS

Year ended December 31, 2011

<u>Year</u>	<u>Description</u>	<u>Amount</u>	Balance December 31, <u>2010</u>	Raised in 2011 <u>Budget</u>	Balance December 31, <u>2011</u>
05/16/06	Revision of Tax Map/Revaluation	\$ 250,000.00	<u>\$ 50,000.00</u>	<u>50,000.00</u>	<u>\$ 0.00</u>
		<u>Reference</u>	A	A-3	A

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

Schedule 9-A
Page 1 of 4

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT				
General Administration:				
Salaries and Wages	\$ 701.23	\$ 1.23		\$ 1.23
Other Expenses	10.68	601.76	\$ 511.97	89.79
Mayor and Council:				
Other Expenses	328.62	353.62	59.99	293.63
Municipal Clerk:				
Salaries and Wages	27.02	27.02		27.02
Other Expenses	1,943.22	2,117.15	1,895.73	221.42
Revision/Codification of Ordinances	2,000.00	2,000.00		2,000.00
Financial Administration:				
Salaries and Wages	8.77	8.77		8.77
Other Expenses	886.73	1,135.17	369.76	765.41
Revenue Administration (Tax Collection):				
Salaries and Wages	2,258.82	58.82		58.82
Other Expenses	14.30	515.00	500.70	14.30
Tax Assessment Administration:				
Salaries and Wages	20.00	20.00		20.00
Other Expenses	0.07	4,844.24	4,769.27	74.97
Revision of Tax Map/Revaluation	2,000.00	2,000.00		2,000.00
Legal Services:				
Other Expenses	73.27	43,140.92	42,272.32	868.60
Environmental Commission:				
Other Expenses	650.00	650.00		650.00
Engineering Services:				
Other Expenses	4,766.13	4,550.13	4,547.00	3.13
Keyport Historical Society Contracted:				
Other Expenses	800.00	800.00		800.00
LAND USE ADMINISTRATION				
Planning Board:				
Salaries and Wages	60.82	60.82		60.82
Other Expenses	1,649.04	1,728.89	1,239.85	489.04
Revision of Master Plan	100.00	100.00		100.00
Property Maintenance Code:				
Salaries and Wages	119.96	119.96		119.96
Other Expenses	190.94	190.94		190.94

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
INSURANCE				
General Liability	83.40	83.40		83.40
Workmen's Compensation	42.33	42.33		42.33
Employee Group Health	3,856.17	56.17		56.17
PUBLIC SAFETY				
Municipal Court:				
Salaries and Wages	2,449.06	49.06		49.06
Other Expenses	1,676.63	1,405.94	1,373.31	32.63
Public Defender:				
Salaries and Wages	1,813.73	1,813.73		1,813.73
Other Expenses	100.00	100.00		100.00
Police Department:				
Salaries and Wages	32,491.20	491.20		491.20
Miscellaneous	13,013.42	13,926.60	5,855.41	8,071.19
Clothing Allowance	4,401.01	4,683.81	2,359.91	2,323.90
Acquisition of Vehicle	112.85	1,272.00	1,159.15	112.85
Office of Emergency Management:				
Other Expenses	188.33	912.03	723.70	188.33
Aid to Volunteer Fire Companies	8,120.00	11,720.00	11,720.00	
First Aid Contributions	560.52	3,560.52	3,154.79	405.73
Fire:				
Other Expenses	10,416.82	43,381.55	41,881.14	1,500.41
Uniform Fire Safety:				
Salaries and Wages	8,685.91	8,685.91		8,685.91
Other Expenses	11,450.66	12,208.36	3,097.70	9,110.66
Municipal Prosecutor's Office:				
Salaries and Wages	14.88	14.88		14.88
PUBLIC WORKS				
Streets and Road Maintenance:				
Salaries and Wages	2,482.58	82.58		82.58
Other Expenses	2,880.56	16,287.03	16,067.88	219.15
Solid Waste Collection:				
Salaries and Wages	55.78	1,555.78		1,555.78
Other Expenses	4,296.00	5,060.00	5,034.00	26.00
Contracted (40A:4-85)	848.50	48.50		48.50
Buildings and Grounds:				
Other Expenses	1,795.36	5,461.50	3,709.84	1,751.66

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
HEALTH AND HUMAN SERVICES				
Blood-Borne Pathogens - Hepatitis B:				
Salaries and Wages	33.33	33.33		33.33
Other Expenses	500.00	500.00		500.00
Public Health Services (Board of Health):				
Salaries and Wages	62.01	13,462.01	10,710.79	2,751.22
Other Expenses	83.97	500.97	417.00	83.97
Monmouth County Regional Health:				
Other Expenses	58.50	3,882.00	3,847.00	35.00
Bayshore Youth Services Bureau Contribution		204.34	204.34	
PARK AND RECREATION				
Recreation Services and Programs:				
Salaries and Wages	30.00	30.00		30.00
Other Expenses	527.33	527.33		527.33
Senior Citizen Community Center:				
Salaries and Wages	1,717.00	17.00		17.00
Other Expenses	860.88	2,552.56	1,798.14	754.42
Senior Citizen Transportation - Contracted	2,348.00	2,348.00	858.00	1,490.00
Parks and Playgrounds:				
Other Expenses	955.93	955.93	250.26	705.67
OTHER COMMON OPERATING FUNCTIONS				
Postage	6,733.81	33.81		33.81
State Uniform Construction Code Officials:				
Salaries and Wages	7.29	24,007.29	20,007.30	3,999.99
Other Expenses	205.66	689.76	484.10	205.66
UTILITY EXPENSE AND BULK PURCHASES				
Fuel for Motor Vehicles	6,255.13	7,555.13	7,459.31	95.82
Telephone	2,236.73	3,521.19	3,471.33	49.86
Street Lighting	1,200.56	12,296.90	12,296.34	0.56
Fuel Oil	64.00	3,898.16	3,873.77	24.39
Natural Gas	2,798.26	10,661.93	10,627.86	34.07
Electricity	6,255.67	4,241.33	4,185.66	55.67
Landfill Disposal Costs	16,406.66	16,806.66	16,781.43	25.23
Contingent	500.00	500.00		500.00
Statutory Expenditures:				
Contribution To:				
Social Security System (O.A.S.I.)	5,434.31	5,434.31	2,628.58	2,805.73

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATIONS EXCLUDED FROM CAPS				
Maintenance of Free Public Library	9,510.09	9,510.09		9,510.09
Contributions to PERS	740.00	740.00		740.00
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS				
911 Services (County of Monmouth)	18.21	18.21		18.21
Recycling (Hazlet)	844.00	1,924.00	1,080.00	844.00
Buildings and Grounds (Board of Education)	103.25	103.25		103.25
CAPITAL IMPROVEMENTS				
Acquisition of Firefighter Turnout Gear	<u>51.60</u>	<u>51.60</u>		<u>51.60</u>
Total General Appropriations	<u>\$ 196,987.50</u>	<u>\$ 324,934.41</u>	<u>\$ 253,284.63</u>	<u>\$ 71,649.78</u>
	<u>Reference</u>	A		A-1
Appropriation Reserves	A	\$ 196,987.50		
Encumbrances Payable	10-A	<u>127,946.91</u>		
		<u>\$ 324,934.41</u>		
Cash Disbursements	1-A		\$ 218,056.61	
Accounts Payable	14-A		<u>35,228.02</u>	
			<u>\$ 253,284.63</u>	

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 127,946.91
Increased By:		
Transferred From 2010 Appropriations	A-3	<u>205,917.17</u>
		333,864.08
Decreased By:		
Transferred To Appropriation Reserves	9-A	<u>127,946.91</u>
Balance, December 31, 2011	A	<u><u>\$ 205,917.17</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF PREPAID TAXES

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	A		\$ 77,523.87
Increased By:			
Transferred from Tax Overpayments	15-A	\$ 31,804.43	
Cash Receipts	1-A	<u>73,235.29</u>	
			<u>105,039.72</u>
			182,563.59
Decreased By:			
Applied To Taxes Receivable	5-A		<u>77,523.87</u>
Balance, December 31, 2011	A		<u>\$ 105,039.72</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	A	\$	433.18
Increased By:			
2011 Tax Levy:			
County Tax	4-A	\$	1,844,163.78
County Health Budget	4-A		35,850.89
County Open Space Fund Tax	4-A		110,747.01
Due County for Added Taxes	4-A		<u>30.81</u>
			<u>1,990,792.49</u>
			1,991,225.67
Decreased By:			
Cash Disbursements	1-A		<u>1,991,194.87</u>
Balance, December 31, 2011	A	\$	<u><u>30.80</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF LOCAL SCHOOL TAXES PAYABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 3.50
Increased By:		
Levy Calendar Year 2011	5-A	<u>8,443,288.00</u>
		8,443,291.50
Decreased By:		
Cash Disbursements	1-A	<u>8,443,288.00</u>
Balance, December 31, 2011	A	<u><u>\$ 3.50</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 5,840.00
Increased By:		
Tranferred from Appropriation Reserves	9-A	<u>35,228.02</u>
		41,068.02
Decreased By:		
Cash Disbursed	1-A	<u>5,840.00</u>
Balance, December 31, 2011	A	<u><u>\$ 35,228.02</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS PAYABLE

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	A		\$ 0.01
Increased By:			
Prior Year Tax Appeals	A-1	\$ 164,546.10	
Cash Receipts	1-A	<u>12,770.50</u>	
			<u>177,316.60</u>
			177,316.61
Decreased By:			
Cash Disbursements	1-A	\$ 145,490.93	
Transferred to Prepaid Taxes	1-A	<u>31,804.43</u>	
			<u>177,295.36</u>
Balance, December 31, 2011	A		<u><u>\$ 21.25</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE FROM GENERAL CAPITAL FUND

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 88.65
Increased By:		
Cash Disbursed	1-A	<u>750,000.00</u>
		750,088.65
Decreased By:		
Cash Receipts	1-A	<u>749,822.26</u>
Balance, December 31, 2011	A	<u><u>\$ 266.39</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE FROM PAYROLL FUND

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010 and 2011	A	<u>\$ 614.24</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF BUSINESS IMPROVEMENT DISTRICT TAXES

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 0.00
Increased By:		
District Tax levy	4-A	<u>118,000.00</u>
		118,000.00
Decreased By:		
Cash Disbursement	1-A	<u>118,000.00</u>
Balance, December 31, 2011	A	<u><u>\$ 0.00</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE FROM/(TO) TRUST - OTHER FUND

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 460.85
Decreased By:		
Cash Receipt	1-A	<u>825.79</u>
Balance, December 31, 2011 - (Due To)	A	<u><u>\$ (364.94)</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF VARIOUS RESERVES

Year ended December 31, 2011

	Balance, December 31, <u>2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2011</u>
Reserve for:				
Senior Programs	\$ 10,919.25	\$ 26,480.00	\$ 32,408.76	\$ 4,990.49
Tax Map/Revaluation	<u>775.53</u>	<u></u>	<u>775.53</u>	<u></u>
	<u>\$ 11,694.78</u>	<u>\$ 26,480.00</u>	<u>\$ 33,184.29</u>	<u>\$ 4,990.49</u>
<u>Reference</u>	A	1-A	1-A	A

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Year ended December 31, 2011

	Balance December 31, 2010	Increased By Revenue Anticipated 2011	Transferred From Grants Unappropriated	Cash Receipts	Canceled	Balance December 31, 2011
Municipal Drug Alliance Grant	\$ 18,889.00	\$ 26,704.00		\$ 33,287.00		\$ 12,306.00
Office on Aging	36,000.00	36,000.00		36,000.00		36,000.00
Neighborhood Housing Rehab - 2009	26,671.50				\$ 26,671.50	
Recycling Tonnage Grant		7,124.07	\$ 7,124.07			
NJ Body Armor Replacement Grant		2,804.34	2,804.34			
Clean Communities Program		11,486.56		11,486.56		
DWI Saturation Patrol Grant		12,800.00				12,800.00
NJ EDA Hazardous Discharge Site Remediation Fund		391,540.00	48,617.00			342,923.00
Alcohol Education and Rehabilitation	22.15			22.15		
Monmouth County Open Space - Skate Park	52,000.00					52,000.00
Community Forestry Management Plan	3,000.00			2,900.00	100.00	
	<u>\$ 136,582.65</u>	<u>\$ 488,458.97</u>	<u>\$ 58,545.41</u>	<u>\$ 83,695.71</u>	<u>\$ 26,771.50</u>	<u>\$ 456,029.00</u>
<u>Reference</u>	A	A-2	23-A	24-A/1-A	24-A/A-1	A

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED

Year ended December 31, 2011

	Balance December 31, 2010	2011 Budget	Transferred From Encumbrances	Expended	Transferred To Encumbrances	Canceled	Balance December 31, 2011
Alcohol Education and Rehabilitation	\$ 3,379.36			\$ 2,429.40			\$ 949.96
Municipal Drug Alliance	593.23	\$ 33,380.00	\$ 9,414.25	31,509.42	\$ 11,772.90	\$ 105.16	52,000.00
Monmouth County Open Space - Skate Park	43.11		278.95				43.11
Drunk Driving Enforcement Fund	7,472.05	7,124.07	1,268.00	5,245.00	4,065.36		6,553.76
Recycling Tonnage Grant	2,976.12	11,486.56	3,704.66	13,429.55			4,737.79
Clean Communities Program		77,760.00	540.00	77,223.80	1,076.20		
Office on Aging		2,804.34					7,447.48
Body Armor Replacement Grant	4,643.14					26,655.50	
Neighborhood Housing Rehab	26,655.50		25,800.00	4,709.58	25,800.00		
Neighborhood Preservation Program	4,709.58	391,540.00		38,173.84			375,297.33
NJ DEP Hazardous Discharge Site Remediation	21,931.17	12,800.00		240.00			12,560.00
DWI Saturation Patrol						100.00	
Community Forestry Management Plan	100.00						
	<u>\$ 124,503.26</u>	<u>\$ 536,894.97</u>	<u>\$ 41,005.86</u>	<u>\$ 173,239.54</u>	<u>\$ 42,714.46</u>	<u>\$ 26,860.66</u>	<u>\$ 459,589.43</u>
Reference	A	A-3	25-A	24-A/1-A	25-A	24-A	A

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR STATE GRANTS - UNAPPROPRIATED

Year ended December 31, 2011

	Balance December 31, 2010	Cash Receipts	Transferred to Grants <u>Receivable</u>	Balance December 31, <u>2011</u>
Recycling Tonnage Grant	\$ 7,124.07	\$ 9,873.37	\$ 7,124.07	\$ 9,873.37
Alcohol Education and Rehabilitation		2,458.85		2,458.85
Body Armor Replacement Grant	2,804.34	1,948.53	2,804.34	1,948.53
NJ EDA Hazardous Discharge Site Remediation	<u>48,617.00</u>		<u>48,617.00</u>	
	<u>\$ 58,545.41</u>	<u>\$ 14,280.75</u>	<u>\$ 58,545.41</u>	<u>\$ 14,280.75</u>
<u>Reference</u>	A	1-A	21-A	A

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF DUE FROM CURRENT FUND

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	A		\$ 87,471.88
Increased By:			
Deposited in Current Fund:			
Grants Receivable	21-A	\$ 83,695.71	
Grants Unappropriated	23-A	14,280.75	
Grants Receivable Canceled	21-A/A-1	26,771.50	
2011 Budget Appropriations	A-3	<u>536,894.97</u>	
			<u>661,642.93</u>
			749,114.81
Decreased By:			
Disbursed by Current Fund:			
Appropriated Reserves	22-A	173,239.54	
Grants Appropriated Canceled	22-A/A-1	26,860.66	
2011 Anticipated Revenue	21-A	<u>488,458.97</u>	
			<u>688,559.17</u>
Balance, December 31, 2011	A		<u><u>\$ 60,555.64</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 41,005.86
Increased By:		
Transferred from Appropriated Grants	22-A	<u>42,714.46</u>
		83,720.32
Decreased By:		
Transferred to Appropriated Grants	22-A	<u>41,005.86</u>
Balance, December 31, 2011	A	<u><u>\$ 42,714.46</u></u>

TRUST FUND
SCHEDULES

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2011

	<u>Reference</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>	<u>Open Space Trust Fund</u>
Balance, December 31, 2010	B	<u>\$ 8,380.47</u>	<u>\$ 502,703.70</u>	<u>\$ 115,423.73</u>
Increased By Receipts:				
Animal Control Fees	2-B	4,435.00		
Budget Appropriation	2-B	16,000.00		
Due to State of New Jersey	3-B		1,165.00	
Various Trust Reserves	5-B		398,461.81	
Open Space Tax Levy	7-B			188,677.00
		<u>20,435.00</u>	<u>399,626.81</u>	<u>188,677.00</u>
		<u>28,815.47</u>	<u>902,330.51</u>	<u>304,100.73</u>
Decreased By Disbursements:				
Expenditures for Animal Control	2-B	17,383.75		
Due to State of New Jersey	3-B		890.00	
Interfund - Current Fund	4-B		825.79	
Various Trust Reserves	5-B		467,566.81	
Open Space Expenditures	7-B			201,390.72
Encumbrances - Open Space	6-B			1,269.88
		<u>17,383.75</u>	<u>469,282.60</u>	<u>202,660.60</u>
Balance, December 31, 2011	B	<u><u>\$ 11,431.72</u></u>	<u><u>\$ 433,047.91</u></u>	<u><u>\$ 101,440.13</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	B		\$ 8,380.47
Increased By:			
Budget Appropriation	1-B	\$ 16,000.00	
Fees Collected	1-B	<u>4,435.00</u>	
			<u>20,435.00</u>
			28,815.47
Decreased By:			
Expenditures Under R.S. 4:19-15:11	1-B		<u>17,383.75</u>
Balance, December 31, 2011	B		<u><u>\$ 11,431.72</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	B	\$ 300.00
Increased By:		
Cash Receipts	1-B	<u>1,165.00</u>
		1,465.00
Decreased By:		
Cash Disbursed	1-B	<u>890.00</u>
Balance, December 31, 2011	B	<u><u>\$ 575.00</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUND

SCHEDULE OF DUE TO / (FROM) CURRENT FUND

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010 - Due To	B	\$ 460.85
Decreased By:		
Cash Disbursed	1-B	<u>825.79</u>
Balance, December 31, 2011	B	<u><u>\$ (364.94)</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUNDS

SCHEDULE OF VARIOUS TRUST FUND RESERVES

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>2011</u>
Cellular Tower Lease	\$ 6,267.02			\$ 6,267.02
Premium on Tax Sale	14,600.00	\$ 49,400.00	\$ 10,700.00	53,300.00
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	42,192.50	2,695.00	837.50	44,050.00
POAA	2,621.52	731.75	453.75	2,899.52
Public Defender Fees	7,590.75	3,615.00	4,800.00	6,405.75
Municipal Drug Alliance	5,366.37		661.00	4,705.37
Tax Title Lien Redemptions		192,286.57	192,286.57	
Construction Debris Deposits	10,503.00			10,503.00
Material Disposition	350.00			350.00
Law Enforcement Trust	5,829.25	4,261.00		10,090.25
Developer's Escrow Deposits	254,207.78	32,812.31	134,677.71	152,342.38
Bayfront Improvements	35,641.49	47,169.41	59,737.39	23,073.51
Recreation Commission	24,798.10	18,259.48	8,835.95	34,221.63
Unemployment	12,864.54	43,191.79	44,075.26	11,981.07
Donations - Maint. & Beautification	2,510.95	1,534.50	2,621.86	1,423.59
Recreation Events	17,298.44	2,505.00	7,879.82	11,923.62
	<u>\$ 501,942.85</u>	<u>\$ 398,461.81</u>	<u>\$ 467,566.81</u>	<u>\$ 432,837.85</u>

Reference

B

1-B

1-B

B

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

OPEN SPACE TRUST FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	B		\$ 28,433.20
Decreased By:			
Cash Disbursed	1-B	\$ 1,269.88	
Canceled	7-B	<u>27,163.32</u>	
			<u>28,433.20</u>
Balance, December 31, 2011	B		<u>\$ 0.00</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

OPEN SPACE TRUST FUND

SCHEDULE OF RESERVE FOR OPEN SPACE

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	B		\$ 86,990.53
Increased By:			
Cash Receipts - Tax Levy	1-B	\$ 188,677.00	
Encumbrances Canceled	6-B	<u>27,163.32</u>	
			<u>215,840.32</u>
			302,830.85
Decreased By:			
Cash Disbursed	1-B		<u>201,390.72</u>
Balance, December 31, 2011	B		<u>\$ 101,440.13</u>

GENERAL CAPITAL FUND
SCHEDULES

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	C		\$ 848,010.10
Increased By:			
Premium on Sale of Bonds	C-1	\$ 50,244.00	
Premium on Sale of Notes	C-1	6,216.98	
Serial Bonds Issued	5-C	3,000,000.00	
Bond Anticipation Notes Issued	6-C	594,100.00	
Due from N.J. D.O.T.	10-C	137,823.35	
Due from CDBG	11-C	36,077.95	
Due to Current Fund	12-C	177.74	
Special Emergency Note	14-C	50,000.00	
Reserves	16-C	<u>263,920.00</u>	
			<u>4,138,560.02</u>
			4,986,570.12
Decreased By:			
Bond Anticipation Notes	6-C	3,000,000.00	
Improvement Authorizations	7-C	422,057.86	
Reserves	16-C	<u>50,000.00</u>	
			<u>3,472,057.86</u>
Balance, December 31, 2011	C		<u><u>\$ 1,514,512.26</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

Year ended December 31, 2011

	Balance December 31, <u>2011</u>
Capital Improvement Fund	\$ 22,375.69
Due to Current Fund	266.39
Fund Balance	82,364.33
Grants / Loans Receivable	(1,823,309.00)
Reserve for Grants / Loans Receivable	672,500.00
Other Reserves	452,376.54
Reserve for Encumbrances	1,511,027.10

<u>Ordinance Number</u>	<u>Improvement Description</u>	
1-99/23-00/12-03	Construction of Municipal Building and Related Expenses	24,029.22
10-01	Various Capital Improvements	75.30
28-02	Acquisition of Fire Trucks, Equipment, etc.	(100.00)
08-03/05-04	Improvements to Therese Street	(33,112.75)
15-03	Construction of Public Works Complex	(3,863.30)
20-03/12-04	Improvements to Atlantic Street	12,131.25
26-03	Various 2003 Capital Improvements	(260.00)
28-03	Improvements to Benjamin Terry Park Bulkhead	(414.81)
11-04	Replacement of William A. Ralph Pier	56,374.02
14-04/22-05	Construction of Waterfront Park	144,322.18
08-05/22-07	Reconstruction of Third Street	34,368.95
25-05/04-06	Replacement of Borough Hall Roof	(91,521.23)
27-05	Preliminary Planning for Redevelopment Project	3,265.57
09-06/18-08	Reconstruction of Warren Street & Coluco Place	9,155.76
07-07	Improvements to Cedar Street	31,755.87
09-08	Improvements to Beers Street	2,703.27
23-08/09-09	Waterfront Park and Related Improvements	94,259.23
25-08	Various Capital Improvements	59,340.34
02-09	Various Capital Improvements - Beers II, Maple Pl.	47,234.14
11-10	Improvements to Beers Street - Phase III	403.11
08-11	Various Improvements - BT Bulkhead, Fireman's Park, Pier	49,325.00
09-11	Various Roadway Improvements	157,440.09
		<u>\$ 1,514,512.26</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	C		\$ 5,499,085.04
Increased By:			
Serial Bonds Issued	4-C		<u>3,000,000.00</u>
			8,499,085.04
Decreased By:			
Serial Bonds Paid by Operating Budget	5-C	\$ 310,000.00	
Green Trust Loan Paid by Open Space Trust Fund	13-C	<u>31,908.45</u>	
			<u>341,908.45</u>
Balance, December 31, 2011	C		<u>\$ 8,157,176.59</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

Year ended December 31, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2011</u>	<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2011</u>
Various Improvements	02/15/03	\$ 6,055,000.00	12/01/12	3.85%				
			12/01/13	3.85%				
			12/01/14	3.90%				
			12/01/15-16	3.90%				
			12/01/17	3.95%				
			12/01/18	4.05%				
			12/01/19	4.10%				
			12/01/20	4.20%				
			12/01/21	4.25%				
			12/01/22-23	4.25%	\$ 4,860,000.00		\$ 310,000.00	\$ 4,550,000.00
Various Improvements	08/04/11	3,000,000.00	08/1/12-21	3.00%				
			08/01/22	3.125%		\$ 3,000,000.00		3,000,000.00
			08/1/23-26	4.00%				
					\$ 4,860,000.00			
						\$ 3,000,000.00		
					\$ 4,860,000.00	\$ 310,000.00		\$ 7,550,000.00
						1-C	3-C	C
						Reference		

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year ended December 31, 2011

Ordinance Number	Improvement Description	Date	Amount	Balance December 31, 2010		Increased	Transferred From Encumbrances	Expended	Transferred To Encumbrances	Cancelled	Balance December 31, 2011	
				Funded	Unfunded						Funded	Unfunded
23-00/12-03	Construction of Municipal Bldg. and Other Related Expenses	11/21/00	\$ 400,000.00									
10-01	Various Capital Improvements	05/06/03	1,000,000.00									
28-02	Acquisition of Fire Truck, Equipment, etc.	07/10/01	273,000.00	\$ 75.30	\$ 144,917.10		\$ 46,352.12	\$ 218.00	\$ 167,022.00		\$ 24,029.22	
08-03/05-04	Improvements to Therese Street	10/01/02	837,000.00	2,791.15	100.00			2,891.15			75.30	
05-03	Construction of Public Works Complex	05/04/04	150,000.00		6,887.25			300.00				\$ 6,887.25
20-03/12-04	Improvements to Atlantic Street	05/20/03	850,000.00		706,936.70			16,800.00			12,131.25	706,636.70
28-03	Improvements to Benjamin Terry Park Bulkhead	07/06/04	450,000.00		128,931.25			600.00				100,000.00
11-04	Replacement of William A. Ralph Pier	10/07/03	100,000.00	185.19	54,000.00						56,374.02	53,885.19
14-04/22-05	Construction of Waterfront Park	07/06/04	850,000.00	56,374.02	147,076.68		4,842.03	7,306.53	250.00		34,368.95	144,322.18
08-05/22-07	Reconstruction of Third Street	10/18/05	400,000.00		49,147.35			14,705.40				73.00
25-05/04-06	Replacement of Borough Hall Roof	06/06/05	645,000.00		96,177.14			38,177.14	49,542.86		3,265.57	8,478.77
27-05	Preliminary Planning for Redevelopment Projects	03/07/06	150,000.00		8,765.57			3,600.00	1,900.00			
09-08/18-08	Reconstruction of Warren Pl., Colucco Pl. and Drainage Improvements to Green Grove Ave.	12/06/05	150,000.00									
07-07	Improvements to Cedar Street	05/16/06	525,000.00		151.10		12,503.72	3,499.06	5,298.85		9,155.76	15,300.00
09-08	Improvements to Beers Street	07/15/08	450,000.00		31,900.87		5,298.85	145.00			16,455.87	2,703.27
23-08/09-09	Waterfront Park and Related Improvements	03/20/07	475,000.00		2,703.27							
25-08	Various Capital Improvements	09/16/08	1,750,000.00		58,882.41		123,835.59	60,904.13	6,898.41			114,915.46
02-09	Various Road Improvements	12/22/08	325,000.00		66,540.34			7,200.00				59,340.34
11-10	Improvements to Beers Street - Phase III	06/23/09	1,425,000.00		64,434.61		30,565.20	41,357.53	6,408.14			47,234.14
08-11	Various Improvements - BT Bulkhead, Fireman's Part	06/15/10	330,000.00		7,958.11		73,130.85	65,953.28	14,732.57			403.11
09-11	Various Roadway Improvements	04/12/11	725,000.00			\$ 725,000.00		76,129.87	589,545.13			49,325.00
		04/12/11	900,000.00			900,000.00		82,270.77	659,389.14			158,340.09
				\$ 59,425.66	\$ 1,575,531.38	\$ 1,625,000.00	\$ 296,528.36	\$ 422,057.86	\$ 1,511,027.10	\$ 0.00	\$ 155,855.94	\$ 1,467,544.50
				C	C			1-C			C	C, 4-C
Detail	Deferred Charges to Future Taxation - Unfunded					\$ 595,000.00						
	NJ DOT Grant Receivable					250,000.00						
	CDBG Grant Receivable					194,559.00						
	Capital Improvement Fund					19,573.00						
	Reserve for Insurance Proceeds					565,868.00						
						\$ 1,625,000.00						

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 41,948.69
Decreased By:		
Appropriated to Finance Improvement Authorizations	7-C	<u>19,573.00</u>
Balance, December 31, 2011	C	<u><u>\$ 22,375.69</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DUE FROM STATE OF N.J. D.E.P.

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010 and 2011	C	<u>\$ 1,097,500.00</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DUE FROM N.J. D.O.T.

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 419,073.35
Increased By:		
Grant Awarded	8-C	<u>250,000.00</u>
		669,073.35
Decreased By:		
Cash Receipts	1-C	<u>137,823.35</u>
Balance, December 31, 2011	C	<u><u>\$ 531,250.00</u></u>

Detail:

Ord. 02-09, Beers Street Phase II	\$ 225,000.00
Ord. 11-10, Beers Street Phase III	56,250.00
Ord. 09-11, Division Street	<u>250,000.00</u>
	<u><u>\$ 531,250.00</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DUE FROM C.D.B.G.

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 36,077.95
Increased By:		
Grant Awarded	7-C	<u>194,559.00</u>
		230,636.95
Decreased By:		
Cash Receipts	1-C	<u>36,077.95</u>
Balance, December 31, 2011	C	<u><u>\$ 194,559.00</u></u>

Detail:

Ord. 09-11, 2011 Road Program \$ 194,559.00

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DUE TO CURRENT FUND

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 88.65
Increased By:		
Cash Receipts	1-C	<u>177.74</u>
Balance, December 31, 2011	C	<u><u>\$ 266.39</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GREEN TRUST LOAN PAYABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 639,085.04
Decreased By:		
Paid by Open Space Trust Fund	3-C	<u>31,908.45</u>
Balance, December 31, 2011	C	<u><u>\$ 607,176.59</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF INVESTMENT IN SPECIAL EMERGENCY NOTE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 50,000.00
Decreased By:		
Cash Receipts	C-1	<u>50,000.00</u>
Balance, December 31, 2011	C	<u>\$ 0.00</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 296,528.36
Increased By:		
Transferred From Improvement Authorizations	7-C	<u>1,511,027.10</u>
		1,807,555.46
Decreased By:		
Transferred To Improvement Authorizations	7-C	<u>296,528.36</u>
Balance, December 31, 2011	C	<u><u>\$ 1,511,027.10</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR RECEIVABLES AND OTHER ASSETS

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	C		\$ 798,324.54
Increased By:			
Cash Receipts	C-1	\$ 263,920.00	
Deferred Charges - Unfunded	C-1	<u>6,000.00</u>	
			<u>269,920.00</u>
			1,068,244.54
Decreased By:			
Appropriated to Finance Improvement Authorization	7-C	565,868.00	
Anticipated as Current Fund Revenue	C-1	<u>50,000.00</u>	
			<u>615,868.00</u>
Balance, December 31, 2011	C		<u><u>\$ 452,376.54</u></u>
Detail:			
Reserve to Pay Bonds and Notes			\$ 384,626.70
Reserve for Drainage Improvements			11,496.00
Reserve for Infrastructure Improvements			<u>56,253.84</u>
			<u><u>\$ 452,376.54</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR D.E.P. GRANT RECEIVABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010 and 2011	C	<u>\$ 672,500.00</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Year ended December 31, 2011

<u>Ordinance No.</u>	<u>Improvement Description</u>	<u>Balance December 31, 2010</u>	<u>Authorizations</u>	<u>Notes Issued</u>	<u>Balance December 31, 2011</u>
28-02	Acquisition of Fire Trucks, Equipment, etc.	\$ 100.00			\$ 100.00
08-03/05-04	Improvements to Therese Street	40,000.00			40,000.00
15-03	Construction of a Public Works Complex	710,500.00			710,500.00
20-03/12-04	Improvements to Atlantic Street	100,000.00			100,000.00
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
23-08/09-09	Waterfront Park and Related Improvements	20,656.23			20,656.23
08-11	Various Improvements - BT Bulkhead, Fireman's Park, Bulkhead		\$ 150,000.00	\$ 150,000.00	
09-11	Various Roadway Improvements		445,000.00	444,100.00	900.00
		<u>\$ 1,025,589.23</u>	<u>\$ 595,000.00</u>	<u>\$ 594,100.00</u>	<u>\$ 1,026,489.23</u>
	<u>Reference</u>	18-C			18-C

WATER/SEWER UTILITY FUND
SCHEDULES

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

A

	Reference	Operating	Capital
Balance, December 31, 2010	D	\$ 437,250.90	\$ 815,170.85
Increased By Receipts:			
Rents	3-D	\$ 2,839,295.96	
Rent Overpayments	15-D	5,053.93	
Miscellaneous Revenue	D-3	211,658.67	
Capital Fund Balance	D-1	7,190.00	
Prepaid Rents	16-D	216,764.82	\$ 1,656,000.00
Bond Anticipation Notes	14-D	3,279,963.38	1,656,000.00
		3,717,214.28	2,471,170.85
Decreased By Disbursements:			
2011 Appropriations	D-4	3,330,954.20	
Accrued Interest	8-D	57,481.50	
Appropriation Reserves	6-D	65,192.56	
Capital Fund Balance	D-2		7,190.00
Improvement Authorizations	9-D		200,795.27
		3,453,628.26	207,985.27
Balance, December 31, 2011	D	\$ 263,586.02	\$ 2,263,185.58

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF WATER/SEWER UTILITY CAPITAL CASH

Year ended December 31, 2011

	Balance December 31, <u>2011</u>
Capital Improvement Fund	\$ 87.00
Capital Fund Balance	0.99
Reserve for Encumbrances	10,263.00

<u>Ordinance Number</u>	<u>Improvement Description</u>	
13-04	Various Imps. To Water/Sewer System	7,685.44
21-05	Perry St. Water Treatment Facility Upgrade	1,952.34
05-06	Cass Street Standpipe Painting Project	33,500.93
08-09	Sanitary Sewer System Upgrades	<u>2,209,695.88</u>
		<u>\$ 2,263,185.58</u>

Reference D,1-D

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	D	\$ 252,229.75
Increased By:		
Water Sewer Rents Levied		<u>3,088,058.94</u>
		3,340,288.69
Decreased By:		
Collections	1-D	\$ 2,839,295.96
Prepaid Rents Applied	16-D	262,280.25
Overpayments Applied	15-D	<u>1,443.85</u>
	D-3	<u>3,103,020.06</u>
Balance, December 31, 2011	D	<u>\$ 237,268.63</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

Year ended December 31, 2011

	Balance December 31, <u>2011 and 2010</u>
Distribution System Land	\$ 20,500.00
Miscellaneous Land - capital	750.00
Springs and Wells	107,432.80
Collection Reservoir	15,000.00
Filters	31,877.89
Clear Well Basin	1,000.00
Pumping Station Structures	68,569.50
Reservoirs and Standpipes	10,000.00
Distribution Mains and Accessories	770,104.60
Fire Hydrant and Cisterns	2,500.00
Bulkheads	15,691.72
Meters and Meter Bonds	1,391.05
Insurance and Bonds	1,275.00
Electric Pumping Power Equipment	42,940.50
Perry Street Plant and Wells	1,467,500.00
General Equipment	71,609.00
Construction of Well #8	249,863.33
Repairs and Improvements to Water Plant	435,000.00
Cedar Street Pumping Station	210,000.00
Rehabilitation of Sewer System	<u>151,000.00</u>
	<u>\$ 3,674,005.39</u>

Reference

D

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Year ended December 31, 2011

<u>Ordinance Number</u>	<u>Description</u>	Balance, December 31, 2010	<u>Increased</u>	Balance, December 31, 2011	<u>Reference</u>	
13-04	Various Improvements to Water Sewer System	\$ 250,000.00		\$ 250,000.00		
21-05	Perry Street Water Treatment Facility Upgrade	1,100,000.00		1,100,000.00		
05-06	Cass Street Standpipe Painting Project	600,000.00		600,000.00		
08-09/10-11	Sanitary Sewer System Upgrades USDA	1,600,000.00	\$ 1,900,000.00	3,500,000.00		
		<u>\$ 3,550,000.00</u>	<u>\$ 1,900,000.00</u>	<u>\$ 5,450,000.00</u>		
		D	9-D	D		

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

SCHEDULE OF APPROPRIATION RESERVES

Year ended December 31, 2011

	Balance December 31, 2010	Prior Year Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:					
Salaries and Wages	\$ 1,393.47	\$	1,393.47	\$	1,393.47
Other Expenses	17,487.07	\$ 18,378.82	27,265.89	\$ 24,824.30	2,441.59
Acquisition of Water	31,782.24		40,382.24	40,368.26	13.98
Bayshore Regional Sewerage Authority	27.37		27.37		27.37
Statutory Expenditures:					
Contributions To:					
Social Security System (O.A.S.I.)	2,017.81		2,017.81		2,017.81
	<u>\$ 52,707.96</u>	<u>\$ 18,378.82</u>	<u>\$ 71,086.78</u>	<u>\$ 65,192.56</u>	<u>\$ 5,894.22</u>

<u>Reference</u>	D	7-D	1-D	D-1
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BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	D	\$ 18,378.82
Increased By:		
Charged To Budget Appropriations	D-4	<u>5,989.51</u>
		24,368.33
Decreased By:		
Transferred To Appropriation Reserves	6-D	<u>18,378.82</u>
Balance, December 31, 2011	D	<u><u>\$ 5,989.51</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	D	\$ 24,399.74
Increased By:		
Budget Appropriations	D-5	<u>56,135.32</u>
		80,535.06
Decreased By:		
Cash Disbursed	1-D	<u>57,481.50</u>
Balance, December 31, 2011	D	<u><u>\$ 23,053.56</u></u>

Analysis of Balance - December 31, 2011

	Outstanding December 31, <u>2011</u>	Interest <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Bond Anticipation Notes:						
\$ 4,193,600.00	1.000%	08/04/11	12/31/11	147 Days	\$ 17,123.87	
Serial Bonds:						
\$ 230,000.00	5.625%	07/16/11	12/31/11	165 Days	<u>5,929.69</u>	
						<u>\$ 23,053.56</u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year ended December 31, 2011

Ordinance Number	Description	Balance December 31, 2010		Authorized	Transferred From Encumbrances	Expended	Transferred To Encumbrances	Balance December 31, 2011	
		Funded	Unfunded					Funded	Unfunded
13-04	Various Improvements to Water/Sewer System		\$ 7,685.44						\$ 7,685.44
21-05	Perry Street Water Treatment Facility Upgrade		15,564.11			\$ 13,611.77			1,952.34
05-06	Cass Street Standpipe Painting Project		183,908.43			407.50			183,500.93
08-09	Sanitary Sewer System Upgrade		1,347,184.49	\$ 1,900,000.00	\$ 3,550.39	186,776.00	\$ 10,263.00		3,053,695.88
		\$ 0.00	\$ 1,554,342.47	\$ 1,900,000.00	\$ 3,550.39	\$ 200,795.27	\$ 10,263.00	\$ 0.00	\$ 3,246,834.59
	Reference	D	D	5-D	18-D	1-D	18-D	D	D

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Year ended December 31, 2011

Reference

Balance, December 31, 2010 and 2011

D

\$ 87.00

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	D	\$ 3,344,005.39
Increased by:		
Serial Bonds Paid	13-D	<u>100,000.00</u>
Balance, December 31, 2011	D	<u><u>\$ 3,444,005.39</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	D	\$ 205,400.00
Increased By:		
Notes paid by Operating Budget	14-D	<u>57,000.00</u>
Balance, December 31, 2011	D	<u><u>\$ 262,400.00</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF SERIAL BONDS

Year ended December 31, 2011

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance December 31, 2010	Decreased	Balance December 31, 2011
			Date	Amount				
Refunding Bonds	07/01/94	\$ 1,315,000.00	07/15/12	\$ 110,000.00	5.625%	\$ 330,000.00	\$ 100,000.00	\$ 230,000.00
			07/15/13	120,000.00	5.625%			
						\$ 330,000.00	\$ 100,000.00	\$ 230,000.00
					Reference	D	11-D	D

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

Year ended December 31, 2011

Ordinance Number	Improvement Description	Original Issue Date	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2010	Increased	Decreased	Balance December 31, 2011
13-04	Repair/Imps. To Water/Sewer System	08/11/05	08/04/11	08/03/12	1.00%	\$ 157,000.00		\$ 27,000.00	\$ 130,000.00
21-05	Perry Street Water Treatment Facility Upgrade	08/10/06	08/04/11	08/03/12	1.00%	1,019,600.00		14,000.00	1,005,600.00
05-06	Cass Street Standpipe Painting Project	08/10/06	08/04/11	08/03/12	1.00%	418,000.00		16,000.00	402,000.00
08-09/10-11	Sanitary Sewer System Upgrades USDA	08/04/10	08/04/11	08/03/12	1.00%	1,000,000.00			1,000,000.00
08-09/10-11	Sanitary Sewer System Upgrades USDA	08/04/11	08/04/11	08/03/12	1.00%		\$ 1,656,000.00		1,656,000.00
						<u>\$ 2,594,600.00</u>	<u>\$ 1,656,000.00</u>	<u>\$ 57,000.00</u>	<u>\$ 4,193,600.00</u>
					<u>Reference</u>	D	1-D	12-D	D

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF CUSTOMER OVERPAYMENTS

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	D	\$ 1,443.85
Increased By:		
Cash Received	1-D	<u>5,053.93</u>
		6,497.78
Decreased By:		
Applied to Consumer Rents Receivable	3-D	<u>1,443.85</u>
Balance, December 31, 2011	D	<u><u>\$ 5,053.93</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF PREPAID CUSTOMER ACCOUNTS

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	D	\$ 262,280.25
Increased By:		
Cash Received	1-D	<u>216,764.82</u>
		479,045.07
Decreased By:		
Applied to Consumer Rents Receivable	3-D	<u>262,280.25</u>
Balance, December 31, 2011	D	<u><u>\$ 216,764.82</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF STATE AND FEDERAL GRANTS AND LOANS

Year ended December 31, 2011

Reference

Balance, December 31, 2010 and 2011	D	<u>\$ 3,500,000.00</u>
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BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	D	\$ 3,550.39
Increased By:		
Improvement Authorization	9-D	<u>10,263.00</u>
		13,813.39
Decreased By:		
Improvement Authorization	9-D	<u>3,550.39</u>
Balance, December 31, 2011	D	<u><u>\$ 10,263.00</u></u>

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Year ended December 31, 2011

<u>Ordinance Number</u>	<u>Description</u>	Balance December 31, 2010	2011 Authorizations	Notes Issued	Balance December 31, 2011
05-06	Cass Street Standpipe Painting Project	\$ 150,000.00			\$ 150,000.00
08-09/10-11	Sewer Upgrades USDA	600,000.00	\$ 1,900,000.00	\$ 1,656,000.00	844,000.00
		<u>\$ 750,000.00</u>	<u>\$ 1,900,000.00</u>	<u>\$ 1,656,000.00</u>	<u>\$ 994,000.00</u>

PAYROLL FUND

SCHEDULES

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

PAYROLL FUND

SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	Payroll <u>Deductions</u>	<u>Disbursements</u>	Balance December 31, <u>2011</u>
Federal Withholding Tax		\$ 453,072.09	\$ 453,072.09	
Social Security/Medicare		321,141.45	321,141.45	
State Withholding Tax		121,294.02	121,294.02	
SUI/Disability	\$ 208.33	18,191.79	18,191.79	\$ 208.33
457B Plan		42,780.00	42,780.00	
AFLAC		13,797.80	13,797.80	
PERS	4,936.81	138,842.15	143,161.16	617.80
PFRS	16,310.52	264,963.12	281,271.94	1.70
Police/Firemens Insurance		4,131.36	4,131.36	
Garnishments		125,831.28	125,767.58	63.70
MONOC Credit Union		44,406.10	44,406.10	
PBA Dues		14,925.00	14,925.00	
Clerical/PW Union Dues		22,273.13	22,273.13	
Life Insurance		9,161.52	9,161.52	
Miscellaneous	449.13			449.13
Health Insurance Co-Pay	<u>1,857.52</u>	<u>39,419.57</u>	<u>39,419.57</u>	<u>1,857.52</u>
	<u>\$ 23,762.31</u>	<u>\$ 1,634,230.38</u>	<u>\$ 1,654,794.51</u>	<u>\$ 3,198.18</u>
<u>Reference</u>	E	1-E	1-E	E

GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

SCHEDULE OF GENERAL FIXED ASSETS

December 31, 2011 and 2010

	Balance December 31, <u>2011 and 2010</u>
Land	\$ 5,186,100.00
Buildings and Improvements	5,481,800.00
Motor Vehicles and Equipment	2,876,199.08
Machinery and Equipment	344,731.30
Office Furniture and Equipment	163,066.09
Other Equipment	<u>218,914.00</u>
	<u><u>\$ 14,270,810.47</u></u>

Reference

F

COMMENTS SECTION

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

An audit of the financial accounts and transactions of the Borough of Keyport, County of Monmouth, New Jersey ("Borough") for the year ended December 31, 2011, has recently been completed. The results of the audit are herewith set forth.

Scope of Audit

The audit covered the financial transactions of the Tax Collector/Treasurer, the activities of the Mayor and Borough Council and the records of the various outside departments.

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.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

Revenues and receipts were verified as to source and amount insofar as the records permitted.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Therefore, our audit included the procedures noted above as well as tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

N.J.S. 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 (40A:11-3), shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder".

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 and, where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion shall be sought before a commitment is made.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4 (continued)

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

Benjamin Terry Park Bulkhead Replacement
Reconstruction of Division Street
2011 Road Improvement Project
South Wall Façade Masonry Restoration & Window Replacement

The system of records did not provide for an accumulation of payments by categories of materials or supplies, or related work or labor. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid threshold "for the performance of any work or the furnishing of labor materials and supplies or the hiring of teams or vehicles", other than where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6. The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "professional services" per N.J.S. 40A:11-5.

Collection of Interest on Delinquent Taxes and Utility Assessments

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

The Governing Body, on January 1, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-66 provides that taxes shall be payable in quarterly installments due on February 1, May 1, August 1 and November 1, after which dates, if unpaid, shall become delinquent; and that a period of ten calendar days grace for the payment of taxes following said date be fixed and established; and

NOW, THEREFORE, BE IT RESOLVED, by the Governing Body of the Borough of Matawan that, if payment is not made by the tenth calendar day of the month on which the installment becomes payable, an interest charge of eight percent (8%) per annum will be assessed on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500.00, to be calculated from the date the tax was payable until the date of actual payment.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that a taxpayer who has a delinquency in excess of \$10,000.00, who fails to pay that delinquency prior to the end of a calendar year will be charged a penalty of six percent (6%) of the amount of the delinquency plus interest calculated to December 31.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Tax Sale

The last tax sale was held on October 25, 2011 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2011	12
2010	12
2009	13

Confirmation of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payment was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
2010 and 2011 Taxes	80
2010 and 2011 Utility Bills	80

For those confirmation notices which were not returned by taxpayers, we audited subsequent and current cash collections as an alternative procedure when possible.

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Comparative Statement of Operations
and Changes in Fund Balance - Current Fund

	<u>2011</u>		<u>2010</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 218,000.00	1.14 %	\$ 255,000.00	1.33
Miscellaneous - From Other				
Than Local Property Tax Levies	2,436,695.36	12.79	2,143,147.19	11.21
Other Credits to Income	199,547.26	1.05	383,872.43	2.01
Collection of Delinquent Taxes				
and Tax Title Liens	622,539.51	3.27	654,471.11	3.42
Collection of Current Tax Levy	<u>15,574,333.43</u>	<u>81.75</u>	<u>15,689,007.74</u>	<u>82.03</u>
Total Revenues	<u>19,051,115.56</u>	<u>100.00 %</u>	<u>19,125,498.47</u>	<u>100.00 %</u>
<u>Expenditures</u>				
Budget Appropriations	8,065,140.46	42.45 %	7,986,825.75	42.24 %
County Taxes	1,990,792.49	10.48	1,932,382.02	10.22
Local School Taxes	8,443,288.00	44.44	8,540,183.50	45.16
Business Improvement District				
Taxes	118,000.00	0.62	118,000.00	0.62
Municipal Open Space Taxes	188,677.00	0.99	189,398.47	1.00
Other Expenditures	<u>191,817.60</u>	<u>1.01</u>	<u>143,417.00</u>	<u>0.76</u>
Total Expenditures	<u>18,997,715.55</u>	<u>100.00 %</u>	<u>18,910,206.74</u>	<u>100.00 %</u>
Excess in Revenue	53,400.01		215,291.73	
Fund Balance, January 1	<u>221,103.50</u>		<u>260,811.77</u>	
	274,503.51		476,103.50	
Decreased By:				
Utilized as Anticipated Revenue	<u>218,000.00</u>		<u>255,000.00</u>	
Fund Balance, December 31	<u>\$ 56,503.51</u>		<u>\$ 221,103.50</u>	

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Comparative Statement of Operations
and Changes in Fund Balance - Water/Sewer Utility Operating Fund

	2011		2010	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 78,000.00	2.29 %		
Water/Sewer Rents	3,103,020.06	91.11	\$ 3,125,382.00	92.75 %
Miscellaneous Revenue	<u>224,742.89</u>	<u>6.60</u>	<u>244,241.66</u>	<u>7.25</u>
Total Revenues	<u>3,405,762.95</u>	<u>100.00 %</u>	<u>3,369,623.66</u>	<u>100.00 %</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	3,142,726.00	92.41 %	3,018,052.36	91.65 %
Debt Service	213,135.32	6.27	210,700.74	6.40
Deferred Charges and Statutory Expenditures	<u>45,000.00</u>	<u>1.32</u>	<u>64,122.64</u>	<u>1.95</u>
Total Expenditures	<u>3,400,861.32</u>	<u>100.00 %</u>	<u>3,292,875.74</u>	<u>100.00 %</u>
Excess in Revenue	4,901.63		76,747.92	
Fund Balance, January 1	<u>78,040.28</u>		<u>1,292.36</u>	
	82,941.91		78,040.28	
Decreased By:				
Utilized as Anticipated Revenue	<u>78,000.00</u>			
Fund Balance, December 31	<u>\$ 4,941.91</u>		<u>\$ 78,040.28</u>	

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	\$2.160	\$2.141	\$2.106

Apportionment of Tax Rate

Municipal	0.769	0.758	0.739
County	0.266	0.255	0.259
Local School	1.125	1.128	1.108

Assessed Valuations

2011	\$ 750,625,915.00	
2010		\$ 757,426,044.00
2009		\$ 760,091,206.00

Comparison of Tax Levies and Collection Currently

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2011	\$ 16,329,746.32	\$ 15,574,333.43	95.36%
2010	16,338,728.06	15,689,007.74	96.02
2009	16,134,107.55	15,447,238.93	95.74

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Comparative Schedule of Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$125,958.90	\$ 680,629.35	\$ 806,588.25	4.94%
2010	118,437.78	622,039.51	740,477.29	4.53
2009	110,877.51	653,326.41	764,203.92	4.74

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>
2011	\$ 97,100.00
2010	97,100.00
2009	97,100.00

Comparison of Water/Sewer Utility Rents Levied

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
2011	\$ 3,088,058.94	\$ 3,103,020.06
2010	3,169,283.00	3,125,382.00
2009	3,064,707.00	3,048,479.00

Comparative Schedule of Fund Balances

Current Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2011	\$ 56,503.51	\$ 53,000.00
2010	221,104.00	218,000.00
2009	260,812.00	255,000.00
2008	406,288.00	400,000.00
2007	415,857.00	380,000.00

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Water/Sewer Utility Fund

<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>Utilized in</u> <u>Budget of</u> <u>Succeeding Year</u>
2011	\$ 4,941.91	\$ 4,900.00
2010	78,040.00	78,000.00
2009	1,292.00	0.00
2008	53,292.00	52,000.00
2007	145,442.00	126,000.00

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Officials in Office and Surety Bonds

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

<u>Name of Official</u>	<u>Title</u>
Robert E. McLeod	Mayor
Joseph E. Sheridan	Council President
Christian Bolte	Councilperson
Susan Sefcik	Councilperson
Warren Chamberlain	Councilperson
Clemente Toggia	Councilperson
Evelyn Ambrose	Councilperson
Lorene K. Wright	Business Administrator
Valerie T. Heilwell	Borough Clerk
Thomas P. Fallon	Chief Financial Officer
Keri R. Stencil	Tax/Utility Collector; Treasurer
Scott Pezarras	Tax Assessor
Michael Pugliese	Borough Magistrate
Madeline Scalzo	Court Administrator
John Lane	Borough Attorney

All employees are covered by a dishonesty Public Employees' Blanket Bond in the amount of \$50,000.00, written by Monmouth Municipal Joint Insurance Fund. In addition, there are blanket bonds for secondary coverage with the Municipal Excess Liability Joint Insurance Fund in the amount of \$1,000,000.00 for Public Employees.

INTERNAL CONTROL SECTION

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Robert H. Hutchins, CPA, CVA, CFF
Eugene M. Farrell, CPA, RMA, CFP
Robert W. Allison, CPA, RMA
Alan E. Meyer, CPA/ABV, CFF
Joann DiLieto, CPA

Patrice R. Antonucci, CPA
Glenn G. VanPell, CPA
Karen D. Davis, CPA, CVA
Crystal L. Fitzpatrick, CPA
Hélène T. Morizzo, CPA

Monmouth County Office

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

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

We have audited the regulatory-basis financial statements of the Borough of Keyport, County of Monmouth, New Jersey ("Borough") as of and for the year ended December 31, 2011, and have issued our report thereon dated January 11, 2013 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"). Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; and 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.

Internal Control Over Financial Reporting

Management of the Borough is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis.

Honorable Mayor and Members
of the Borough Council
Borough of Keyport, New Jersey
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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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'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 or other matters that are required to be reported under Government Auditing Standards.

However, we noted a certain matter that has been reported to the administration and reported within our Comments and Recommendations.

This report is intended solely for the information and use of the Borough of Keyport's management, and Council members, others within the organization, and the Division of Local Government Services, and is not intended to be and should not be used by anyone other than these specified parties.

Hutchins, Farrell, Meyer & Allison, P.A.

Independent Auditors



Robert W. Allison
Registered Municipal Accountant
(#483)

January 11, 2013

COMMENTS AND RECOMMENDATIONS

BOROUGH OF KEYPORT
COUNTY OF MONMOUTH, NEW JERSEY
COMMENTS AND RECOMMENDATIONS

Year ended December 31, 2011

Other Matters

Municipal Court:

Finding 2011-01:

During our audit of the Borough's Municipal Court, we noted that tickets assigned to an officer but not issued are outstanding for more than 6 months.

Recommendation:

In order to improve controls over the Borough's Municipal Court, we recommend that outstanding tickets be reviewed on a regular basis and appropriate action taken.