

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

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2016**

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

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Keansburg
County of Monmouth
Keansburg, New Jersey 07734

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Borough of Keansburg, County of Monmouth, State of New Jersey as of December 31, 2016 and 2015, and the related comparative statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and comparative statement of general fixed assets group of accounts - regulatory basis for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As discussed in Note 1 to the financial statements, the Borough of Keansburg prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Keansburg, County of Monmouth, State of New Jersey, as of December 31, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Fund, and represent 15.84% and 16.71% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2016 and 2015.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Borough of Keansburg, County of Monmouth, State of New Jersey, as of December 31, 2016 and 2015, and the results of its operations and changes in fund balance --regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2016 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2017, on our consideration of the Borough of Keansburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the Borough of Keansburg's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
June 20, 2017

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

Honorable Mayor and Members
of the Borough Council
Borough of Keansburg
County of Monmouth
Keansburg, New Jersey 07734

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Borough of Keansburg (herein referred to as "the Municipality"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements, and have issued our report thereon dated June 20, 2017. Our report indicated that the Municipality's financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Our report on the financial statements - regulatory basis included a qualified opinion on the financial statements of the Length of Service Award Program Fund ("LOSAP") Trust Fund. As discussed in Note 1 the LOSAP Trust Fund financial statements were not audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Keansburg, Borough of's financial statements as of and for the year ended December 31, 2016. With the exception of the LOSAP Trust Fund our opinion on the financial statements- regulatory basis was unmodified.

Internal Control over Financial Reporting

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

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

of the Municipality's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from 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* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Municipality's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
June 20, 2017

BASIC FINANCIAL STATEMENTS

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**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Cash and Investments - Treasurer	A-4	\$ 6,129,322.13	\$ 6,152,337.42
Change Fund and Petty Cash Fund	A-5	625.00	625.00
Due From State of New Jersey -			
CDBG Non Federal Cost Share	A-28	376,180.19	-
Chap. 73, P.L. 1976	A-6	38,141.33	37,624.60
		<u>6,544,268.65</u>	<u>6,190,587.02</u>
Receivables and Other Assets With			
Full Reserves:			
Taxes Receivable	A-7	769,570.70	855,347.28
Tax Title Liens	A-8	288,685.20	222,915.08
Property Acquired for Taxes			
Assessed Valuation	A-9	186,800.00	186,800.00
		<u>1,245,055.90</u>	<u>1,265,062.36</u>
Deferred Charges:			
Community Disaster Loan	A	3,811,059.33	3,784,512.55
Special Emergency Appropriations (5 yr)	A-13	-	260,330.67
		<u>3,811,059.33</u>	<u>4,044,843.22</u>
Total Operating Fund		<u>11,600,383.88</u>	<u>11,500,492.60</u>
State and Federal Grant Fund:			
Cash	A-4	284,811.56	27,208.86
Grants Receivable	A-26	1,205,402.33	408,275.05
Due from Current Fund	A	-	60,000.00
Total Grant Fund		<u>1,490,213.89</u>	<u>495,483.91</u>
Total Assets		<u>\$ 13,090,597.77</u>	<u>\$ 11,995,976.51</u>

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Appropriation Reserves	A-3	\$ 1,379,666.59	\$ 858,739.21
Accounts Payable	A-15	670,868.58	151,269.37
Encumbrances Payable	A-16	319,683.26	799,166.85
Special Emergency Note Payable	A-17	-	260,330.67
Prepaid Taxes	A-18	176,747.87	142,130.68
Tax Overpayments	A-19	253.32	-
Due to Grant Fund	A	-	60,000.00
Community Disaster Loan - Payable	A	3,729,766.00	3,729,766.00
Community Disaster Loan - Interest Payable	A	81,293.33	54,746.55
Outside Liens Payable	A-22	30,550.43	-
Payroll Deductions Payable	A-23	110,081.19	129,560.15
Due To State of New Jersey:			
Marriage License Fees	A-24	260.00	285.00
Reserve for:			
FEMA	A-25	36,266.20	45,266.20
Revaluation	A-25	24,614.75	24,614.75
Employee Medical Contributions	A-25	-	21,915.82
Tax Appeals	A-25	200,000.00	200,000.00
		<u>6,760,051.52</u>	<u>6,477,791.25</u>
Reserve for Receivables	A	1,245,055.90	1,265,062.36
Fund Balance	A-1	<u>3,595,276.46</u>	<u>3,757,638.99</u>
 Total Operating Fund		 <u>11,600,383.88</u>	 <u>11,500,492.60</u>
 State and Federal Grant Fund:			
Encumbrances Payable	A-27	30,009.45	7,537.56
Due to General Capital	A	-	125,902.35
Reserve for Grants:			
Appropriated	A-11	1,399,336.61	353,226.58
Unappropriated	A-12	60,867.83	8,817.42
 Total Grant Fund		 <u>1,490,213.89</u>	 <u>495,483.91</u>
 Total Liabilities, Reserves and Fund Balance		 <u><u>\$ 13,090,597.77</u></u>	 <u><u>\$ 11,995,976.51</u></u>

The accompanying Notes to Financial Statements are an integral part of this Statement.

BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 2,300,000.00	\$ 1,162,613.50
Miscellaneous Revenues Anticipated	5,942,483.94	5,774,087.88
Receipts From Delinquent Taxes	789,830.80	696,248.84
Receipts From Current Taxes	16,401,265.74	16,042,317.86
Non-Budget Revenue	430,339.94	302,600.76
Other Credit To Income:		
Interfunds Returned	-	6,296.73
Adjustment to Change Funds	-	150.00
Unexpended Balance of Appropriation Reserves	694,502.58	804,705.79
Various Reserves Cancelled	-	27,973.24
Cancellation of Accounts Payable	<u>2,172.00</u>	<u>108.56</u>
Total Revenue	<u>26,560,595.00</u>	<u>24,817,103.16</u>
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	6,673,368.00	4,976,199.00
Other Expenses	5,615,050.00	5,558,350.00
Deferred Charges and Statutory Expenditures	1,532,852.00	1,382,491.00
Appropriations Excluded From "CAPS":		
Operations:		
Salaries and Wages	260,132.00	1,436,093.00
Other Expenses	1,843,169.40	160,724.40
Capital Improvement Fund	525,000.00	825,000.00
Municipal Debt Service	1,210,612.04	1,185,894.74
Deferred Charges	260,330.67	1,018,870.96
Refund of Prior Year Revenue	24,346.73	-
Interfunds Advances	-	60,000.00
Local District School Tax	4,916,976.00	4,820,567.00
County Taxes Payable	<u>1,561,120.69</u>	<u>1,649,898.56</u>
Total Expenditures	<u>24,422,957.53</u>	<u>23,074,088.66</u>
Excess/(Deficit) in Revenue	2,137,637.47	1,743,014.50
Fund Balance, January 1	<u>3,757,638.99</u>	<u>3,177,237.99</u>
	5,895,276.46	4,920,252.49
Decreased By:		
Utilized as Anticipated Revenue	<u>2,300,000.00</u>	<u>1,162,613.50</u>
Fund Balance, December 31	<u><u>\$ 3,595,276.46</u></u>	<u><u>\$ 3,757,638.99</u></u>

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>Budget Amendments</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Anticipated	\$ 2,300,000.00	\$ -	\$ 2,300,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	15,000.00	-	15,795.00	795.00
Other	20,000.00	-	30,830.00	10,830.00
Fees and Permits	265,000.00	-	425,789.85	160,789.85
Fines and Costs:				
Municipal Court	295,000.00	-	342,089.18	47,089.18
Interest and Costs on Taxes	124,000.00	-	157,470.19	33,470.19
Parking Meters	220,000.00	-	211,297.57	(8,702.43)
Interest on Investments and Deposits	15,000.00	-	29,322.42	14,322.42
PILOT:				
Keansburg Housing Authority	5,000.00	-	7,942.00	2,942.00
Grandview Apartments	80,000.00	-	80,000.00	-
Rental of Borough Property	45,000.00	-	45,000.00	-
Omni Tower Rental	30,000.00	-	-	(30,000.00)
Consolidated Municipal Property Tax Relief Aid	544,360.00	-	544,360.00	-
Energy Receipts Tax (P.L. 1997, Chaps. 162 & 167)	1,281,271.00	-	1,281,271.00	-
Uniform Construction Code Fees	200,000.00	-	453,245.00	253,245.00
Interlocal Service Agreement - School Resource Officer	60,000.00	-	60,000.00	-
Public and Private Revenues Offset with Appropriations:				
Safe and Secure Communities Program	60,000.00	-	60,000.00	-
Drunk Driving Enforcement	2,300.79	-	2,300.79	-
Local Law Enforcement	0.19	-	0.19	-
Body Armor Grant	6,516.44	-	6,516.44	-
Clean Communities	22,905.32	-	22,905.32	-
Recycling Tonnage Grant	7,963.66	-	7,963.66	-
Click It or Ticket	-	5,000.00	5,000.00	-
Drive Sober Get Pulled Over	-	4,000.00	4,000.00	-
Saturation Traffic Safety Grant	-	9,975.00	9,975.00	-
NJEDA-Neighborhood Community Revitalization Program Grant	1,335,258.00	-	1,335,258.00	-
FEMA-Hazard Mitigation Grant	303,303.00	-	303,303.00	-
Other Special Items:				
Uniform Fire Safety Act	5,000.00	-	8,408.80	3,408.80
Cable TV Fees	100,000.00	-	110,004.29	10,004.29
Non - Federal Cost Share ("Match" Program)	382,436.24	-	382,436.24	-
Total Miscellaneous Revenues	5,425,314.64	18,975.00	5,942,483.94	498,194.30
Receipts From Delinquent Taxes	700,000.00	-	789,830.80	89,830.80
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	10,517,879.21	-	10,923,169.05	405,289.84
Budget Totals	18,943,193.85	18,975.00	19,955,483.79	993,314.94
Non-Budget Revenue	-	-	430,339.94	430,339.94
	<u>\$ 18,943,193.85</u>	<u>\$ 18,975.00</u>	<u>\$ 20,385,823.73</u>	<u>\$ 1,423,654.88</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue From Collections	\$ 16,401,265.74
Allocated To School and County Taxes	<u>6,478,096.69</u>

Balance for Support of Municipal Budget

Appropriations	<u>9,923,169.05</u>
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Add:

Reserve for Uncollected Taxes	<u>1,000,000.00</u>
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Amount for Support of Municipal Budget

Appropriations	<u><u>\$ 10,923,169.05</u></u>
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Receipts From Delinquent Taxes:

Delinquent Tax Collections	\$ 779,148.00
Tax Title Lien Collections	<u>10,682.80</u>

\$ 789,830.80

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:

Insurance Reimbursement	16,975.96
Miscellaneous Construction Fees	50,739.00
Tax Assessor	115.00
Various Vendor Refunds	12,160.26
Fuel Reimbursements	49,186.14
Grant-Payroll Fringe Reimbursement	81,534.35
Health Hazard Payments	173,706.18
Workers Compensation Reimbursements	10,000.00
Pilot Program's	22,028.81
Various Misc. Refunds/Reimbursements	<u>13,894.24</u>

\$ 430,339.94

The accompanying Notes to Financial Statements are an integral part of this Statement.

BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations			Paid or Charged	Encumbered	Reserved	Cancelled
	Original Budget	Chapter 159	Budget After Modifications				
General Appropriations Operations - Within "CAPS"							
GENERAL GOVERNMENT							
Borough Council:							
Salaries and Wages	\$ 12,500.00	-	\$ 12,500.00	\$ 11,659.49	-	\$ 840.51	-
Other Expenses	2,000.00	-	2,000.00	1,432.88	-	567.12	-
Office of Borough Manager:							
Salaries and Wages	175,500.00	-	175,500.00	175,500.00	-	-	-
Other Expenses	12,300.00	-	12,300.00	5,200.71	30.00	7,069.29	-
Office of the Borough Clerk:							
Salaries and Wages	162,500.00	-	162,500.00	162,500.00	-	-	-
Other Expenses	22,500.00	-	22,500.00	13,141.10	5,000.00	4,358.90	-
Legal Services and Costs:							
Other Expenses	115,000.00	-	115,000.00	126,604.74	-	23,395.26	-
Elections:							
Other Expenses	18,500.00	-	18,500.00	14,247.92	-	4,252.08	-
DEPARTMENT OF FINANCE							
Office of Director of Finance:							
Salaries and Wages	191,000.00	-	191,000.00	182,581.49	-	8,418.51	-
Other Expenses	22,400.00	-	22,400.00	14,128.50	-	8,271.50	-
Annual Audit	47,000.00	-	47,000.00	-	47,000.00	-	-
Division of Tax Collector:							
Salaries and Wages	51,500.00	-	51,500.00	48,950.89	-	2,549.11	-
Other Expenses	11,000.00	-	11,000.00	7,059.06	-	3,940.94	-
Division of Tax Assessor:							
Salaries and Wages	67,000.00	-	67,000.00	66,983.34	-	16.66	-
Other Expenses	14,000.00	-	14,000.00	9,083.46	-	4,916.54	-
DEPARTMENT OF PUBLIC SAFETY							
Police:							
Salaries and Wages	4,309,868.00	-	4,309,868.00	3,844,011.25	-	465,856.75	-
Other Expenses	194,000.00	-	194,000.00	146,135.59	47,406.86	457.55	-
Dispatchers:							
Salaries and Wages	162,000.00	-	162,000.00	153,482.83	-	8,517.17	-
Detective Bureau:							
Other Expenses	4,000.00	-	4,000.00	2,065.85	640.88	1,293.27	-
Bureau of Street Crossing Guards:							
Salaries and Wages	45,000.00	-	45,000.00	42,002.48	-	2,997.52	-
Other Expenses	1,000.00	-	1,000.00	471.80	181.80	346.40	-

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Encumbered	Reserved	Cancelled
	Original Budget	Chapter 159 Budget After Modifications				
DIVISION OF FIRE						
Emergency Medical Services						
Other Expenses	27,000.00	-	22,859.50	4,128.65	11.85	-
Fire Department:						
Other Expenses	105,000.00	-	86,496.01	16,849.28	1,654.71	-
UNIFORM CONSTRUCTION CODE						
Code Enforcement:						
Salaries and Wages	132,500.00	132,500.00	125,383.25	-	7,116.75	-
Other Expenses	4,000.00	4,000.00	1,589.41	55.36	2,355.23	-
Uniform Fire Safety Act:						
Salaries and Wages	37,000.00	37,000.00	36,659.54	-	340.46	-
Other Expenses	6,000.00	6,000.00	4,701.45	-	1,298.55	-
PUBLIC WORKS						
Division of Engineering:						
Other Expenses	275,000.00	275,000.00	228,828.13	20,000.00	26,171.87	-
Division of Streets and Roads:						
Salaries and Wages	593,000.00	593,000.00	590,928.50	-	2,071.50	-
Other Expenses	70,000.00	70,000.00	58,619.88	8,241.23	3,138.89	-
Division of Snow Removal:						
Salaries and Wages	30,000.00	30,000.00	5,564.62	-	24,435.38	-
Other Expenses	27,000.00	27,000.00	14,570.75	7,300.00	5,129.25	-
Division of Parking Meter Maintenance:						
Salaries and Wages	25,000.00	25,000.00	22,156.00	-	2,844.00	-
Other Expenses	11,000.00	11,000.00	7,039.47	-	3,960.53	-
Division of Buildings and Grounds:						
Other Expenses	103,000.00	103,000.00	84,494.61	11,202.50	7,302.89	-
Municipal Garage:						
Salaries and Wages	129,000.00	129,000.00	125,765.67	-	3,234.33	-
Other Expenses	88,000.00	88,000.00	78,788.72	1,927.20	7,284.08	-
Sanitation:						
Contract	400,000.00	400,000.00	353,650.45	-	46,349.55	-
Landfill Solid Waste Disposal Fees	379,000.00	379,000.00	391,001.87	6,277.56	1,720.57	-
DEPARTMENT OF HEALTH AND WELFARE						
Division of Health:						
Salaries and Wages	11,000.00	11,000.00	8,759.72	-	2,240.28	-
Other Expenses	51,500.00	51,500.00	450.47	-	1,049.53	-
Dog Regulation	38,400.00	38,400.00	34,416.00	-	3,984.00	-

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations			Paid or Charged	Encumbered	Reserved	Cancelled
	Original Budget	Chapter 159	Budget After Modifications				
DEPARTMENT OF RECREATION PARKS AND PLAYGROUNDS							
Recreation, Parks and Playgrounds:							
Other Expenses	9,500.00	-	9,500.00	5,222.09	-	4,277.91	-
Historical Society:							
Other Expenses	1,000.00	-	1,000.00	168.00	-	832.00	-
MUNICIPAL PROSECUTOR							
Municipal Prosecutor:							
Salaries and Wages	27,500.00	-	27,500.00	20,076.91	-	7,423.09	-
OTHER MUNICIPAL OPERATIONS							
MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D-1)							
Planning Board of Adjustment:							
Salaries and Wages	39,000.00	-	39,000.00	40,500.00	-	-	-
Other Expenses	27,650.00	-	27,650.00	15,404.11	-	10,745.89	-
Emergency Management Services:							
Salaries and Wages	20,000.00	-	20,000.00	20,000.00	-	-	-
Other Expenses	5,000.00	-	5,000.00	93.99	-	4,906.01	-
INSURANCES: N.J.S.A. 40A:4-45.3(00)							
Group Insurance Plan for Employees	2,100,000.00	-	2,100,000.00	1,617,947.12	101,189.13	367,363.75	-
Group Salary Insurance	20,000.00	-	20,000.00	27,500.00	-	6,000.00	-
Workers Compensation	460,000.00	-	460,000.00	397,999.75	-	42,000.25	-
Other Insurance - Liability Insurance	442,000.00	-	442,000.00	400,569.91	-	41,430.09	-
Disability Insurance	25,000.00	-	25,000.00	15,075.56	-	9,924.44	-
SENIOR CITIZENS							
Transportation of Senior Citizens:							
Other Expenses	12,000.00	-	12,000.00	9,300.00	-	2,700.00	-
MUNICIPAL COURT							
Municipal Court:							
Salaries and Wages	201,000.00	-	201,000.00	194,590.23	-	6,409.77	-
Other Expenses	6,300.00	-	6,300.00	6,259.60	-	40.40	-
MUNICIPAL LIBRARY							
Library:							
Salaries and Wages	32,000.00	-	32,000.00	32,000.00	-	-	-
Other Expenses	6,000.00	-	6,000.00	5,894.65	-	105.35	-

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or			Cancelled
	Original Budget	Chapter 159	Budget After Modifications	Charged	Encumbered	
PUBLIC EMPLOYEES OCCUPATIONAL SAFETY AND HEALTH ACT						
Board of Health:						
Other Expenses	1,000.00	-	1,000.00	-	-	-
UNIFORM CONSTRUCTION CODE APPROPRIATIONS						
OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)						
State Uniform Construction Code Officials:						
Salaries and Wages	184,500.00	-	184,500.00	175,094.92	-	-
Other Expenses	5,500.00	-	5,500.00	3,447.27	-	-
UNCLASSIFIED						
Utilities:						
Electricity	90,000.00	-	90,000.00	66,939.99	-	-
Street Lighting	110,000.00	-	110,000.00	85,684.66	-	-
Telephone	75,000.00	-	75,000.00	73,573.17	-	-
Natural Gas	28,000.00	-	28,000.00	13,757.71	-	-
Telecommunications Costs	7,500.00	-	7,500.00	7,248.78	238.70	-
Gasoline and Fuel Oil	155,000.00	-	155,000.00	64,235.89	34,514.11	-
Celebration of Public Events	5,000.00	-	5,000.00	3,499.71	-	-
Contingent	25,000.00	-	25,000.00	13,038.00	-	-
Total Operations - Within "CAPS"	12,303,418.00	-	12,303,418.00	10,625,089.42	312,183.26	-
Detail:						
Salaries and Wages	6,728,368.00	-	6,658,368.00	6,112,651.13	-	-
Other Expenses	5,645,050.00	-	5,645,050.00	4,512,438.29	312,183.26	-
Statutory Expenditures:						
Contribution To:						
Public Employees' Retirement System	254,332.00	-	254,332.00	254,332.00	-	-
Social Security System (O.A.S.I.)	260,000.00	-	260,000.00	258,478.73	-	-
Police and Firemen's Retirement System of N.J.	1,018,520.00	-	1,018,520.00	1,018,520.00	-	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	1,532,852.00	-	1,532,852.00	1,531,330.73	-	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	13,836,270.00	-	13,836,270.00	12,156,420.15	312,183.26	-

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Encumbered	Reserved	Cancelled
	Original Budget	Chapter 159 Modifications				
General Appropriations for Municipal Purposes - Excluded from "CAPS"						
Length of Service Award Program ("LOSAP")	60,000.00	-	60,000.00	7,500.00	-	-
911 Emergency Dispatch - Police:						
Other Expenses	14,000.00	-	14,000.00	-	2,000.00	-
	74,000.00	-	74,000.00	7,500.00	2,000.00	-
Public and Private Programs Offset by Revenues:						
Interlocal Service Agreement - School Resource Officer	60,000.00	-	60,000.00	-	-	-
Clean Communities	22,905.32	-	22,905.32	-	-	-
Click It or Ticket	-	5,000.00	5,000.00	-	-	-
Drive Sober Get Pulled Over	-	4,000.00	4,000.00	-	-	-
Saturation Traffic Safety Grant	-	9,975.00	9,975.00	-	-	-
Recycling Tonnage Grant	7,963.66	-	7,963.66	-	-	-
NJEDA - Neighborhood Community Revitalization	1,335,258.00	-	1,335,258.00	-	-	-
FEMA - Hazard Mitigation Grant	328,670.00	-	328,670.00	-	-	-
Safe and Secure Communities	60,000.00	-	60,000.00	-	-	-
Safe and Secure Communities - Match:						
Salaries and Wages	140,132.00	-	140,132.00	-	-	-
Other Expenses	46,580.00	-	46,580.00	-	-	-
Body Armor	6,516.44	-	6,516.44	-	-	-
Drunk Driving Enforcement	2,300.79	-	2,300.79	-	-	-
Local Law Enforcement	0.19	-	0.19	-	-	-
Total Public and Private Programs Offset by Revenues	2,010,326.40	18,975.00	2,029,301.40	-	-	-
Total Operations - Excluded from "CAPS"	2,084,326.40	18,975.00	2,093,801.40	7,500.00	2,000.00	-

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Encumbered	Reserved	Cancelled
	Original Budget	Chapter 159 Budget After Modifications				
Detail:						
Salaries and Wages	260,132.00	-	260,132.00	-	-	-
Other Expenses	1,824,194.40	18,975.00	1,833,669.40	7,500.00	2,000.00	-
Capital Improvement Fund:						
Capital Improvement Fund:	500,000.00	-	500,000.00	-	-	-
Infrastructure Facility Improvements	25,000.00	-	-	-	25,000.00	-
Total Capital Improvement Fund	525,000.00	-	500,000.00	-	25,000.00	-
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	468,000.00	-	483,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	146,404.00	-	146,404.00	-	-	-
Interest on Bonds	210,837.00	-	170,673.46	-	-	40,163.54
Interest on Notes	97,452.09	-	97,452.09	-	-	-
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	63,313.91	-	63,313.91	-	-	-
Environmental Infrastructure Trust Loan	218,314.78	-	216,823.58	-	-	1,491.20
Capital Lease Program	32,945.00	-	32,945.00	-	-	-
Total Municipal Debt Service - Excluded From "CAPS"	1,237,266.78	-	1,210,612.04	-	-	41,654.74

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charged	Encumbered	Reserved	Cancelled
	Original Budget	Chapter 159 Budget After Modifications				
Deferred Charges - Municipal - Excluded From "CAPS"						
Deferred Charges:						
Emergency Authorizations						
Deferred Charges - Hurricane Sandy 2012 - Additional	260,330.67	260,330.67	260,330.67	-	-	-
Total Deferred Charges - Municipal - Excluded From "CAPS"	260,330.67	260,330.67	260,330.67	-	-	-
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	4,106,923.85	4,125,898.85	4,064,744.11	7,500.00	27,000.00	41,654.74
Subtotal General Appropriations	17,943,193.85	17,962,168.85	16,221,164.26	319,683.26	1,379,666.59	41,654.74
Reserve for Uncollected Taxes	1,000,000.00	1,000,000.00	1,000,000.00	-	-	-
Total General Appropriations	\$ 18,943,193.85	\$ 18,975.00	\$ 17,221,164.26	\$ 319,683.26	\$ 1,379,666.59	\$ 41,654.74
Adopted Budget Chapter 159		\$ 18,943,193.85 18,975.00				
		\$ 18,962,168.85				
Reserve for Uncollected Taxes			\$ 1,000,000.00			
Cash Disbursements			14,178,244.38			
Reserve for Grants-Appropriated			1,782,589.21			
Deferred Charges			260,330.67			
			\$ 17,221,164.26			

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Animal Control Fund:			
Cash	B-1	\$ 5,915.01	\$ 4,339.86
Change Fund	B	50.00	50.00
		<u>5,965.01</u>	<u>4,389.86</u>
Other Trust Funds:			
Cash	B-1	<u>1,963,046.05</u>	<u>1,767,493.24</u>
Length of Service Award Program Fund ("LOSAP") - Reviewed:			
Cash and Investments - Trustee	B-6	<u>370,589.55</u>	<u>355,392.86</u>
Total Assets		<u>\$ 2,339,600.61</u>	<u>\$ 2,127,275.96</u>
<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Animal Control Trust Fund:			
Reserve for Animal Control Expenditures	B-3	<u>5,965.01</u>	<u>4,389.86</u>
		<u>5,965.01</u>	<u>4,389.86</u>
Other Trust Funds:			
Encumbrances Payable	B-4	28,303.09	-
Reserve for Various Trust Activities	B-4	<u>1,934,742.96</u>	<u>1,767,493.24</u>
		<u>1,963,046.05</u>	<u>1,767,493.24</u>
Length of Service Award Program Fund ("LOSAP") - Reviewed:			
Reserve for Funds Held by Trustee	B-5	<u>370,589.55</u>	<u>355,392.86</u>
Total Liabilities and Reserves		<u>\$ 2,339,600.61</u>	<u>\$ 2,127,275.96</u>

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Cash and Investments	C-2	\$ 7,125,462.62	\$ 5,761,384.09
State, Federal, Local Grants Receivable	C-6	2,403,583.97	921,109.97
Due From Grant Fund	C-16	-	125,902.35
Deferred Charges To Future Taxation:			
Funded	C-4	4,879,783.85	5,701,418.58
Funded - Leases	C-4	90,000.00	118,000.00
Unfunded	C-5	10,505,202.87	10,651,606.87
Total Assets		<u>\$ 25,004,033.31</u>	<u>\$ 23,279,421.86</u>
<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Encumbrances Payable	C-7	\$ 7,240,230.67	\$ 374,993.74
Serial Bonds	C-8	3,881,000.00	4,456,000.00
Bond Anticipation Notes	C-9	10,874,127.00	9,745,209.00
Leases Payable	C-10	90,000.00	118,000.00
Environmental Infrastructure Trust Loan	C-11	813,897.64	1,001,798.66
Green Acres Loan	C-12	184,886.21	243,619.92
Improvement Authorizations:			
Funded	C-13	557,284.20	772,867.40
Unfunded	C-13	310,931.85	5,772,357.40
Reserve for:			
Capital Improvement Fund	C-14	578,103.96	578,103.96
RCA Interest Income	C-14	29,018.16	29,018.16
Refunding Bonding - Cost of Issuance	C-14	22,598.73	22,598.73
Sandy Insurance Claims	C-14	50,000.00	50,000.00
Payment of Debt Service	C-14	15,381.00	15,381.00
Capital Repairs - Pump Station/Stormwater	C-14	150,000.00	-
Storm Sewer Project - Boardwalk Donation	C-14	578.00	578.00
Reserve for Raritan Ave Receivable	C	46,250.00	46,250.00
Fund Balance	C-1	159,745.89	52,645.89
Total Liabilities and Reserves		<u>\$ 25,004,033.31</u>	<u>\$ 23,279,421.86</u>

There were bonds and notes authorized but not issued on December 31, 2016 of \$179,722.00 and on December 31, 2015 was \$1,436,044.00

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE-
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 52,645.89
Increased By:	
Premium on BAN Sale	<u>107,100.00</u>
Balance, December 31, 2016	<u><u>\$ 159,745.89</u></u>

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Operating Fund:			
Cash and Investments	D-5	\$ 1,241,560.04	\$ 1,270,804.16
Change Fund	D-7	250.00	250.00
		<u>1,241,810.04</u>	<u>1,271,054.16</u>
Receivables With Offsetting			
Reserves:			
Consumer Accounts Receivable	D-8	174,428.05	201,348.82
Municipal Liens	D-26	59,932.92	4,933.85
Deposit with Bayshore Regional Sewerage Authority	D-9	302,834.97	302,834.97
		<u>537,195.94</u>	<u>509,117.64</u>
Deferred Charges:			
Community Disaster Loan	D	233,373.30	230,279.55
Total Deferred Charges		<u>233,373.30</u>	<u>230,279.55</u>
Total Operating Fund		<u>2,012,379.28</u>	<u>2,010,451.35</u>
Capital Fund:			
Cash and Investments	D-5	412,068.57	199,974.44
Fixed Capital	D-10	24,321,950.83	24,321,950.83
Fixed Capital Authorized and Uncompleted	D-11	4,728,660.00	4,728,660.00
Total Capital Fund		<u>29,462,679.40</u>	<u>29,250,585.27</u>
Total Assets		<u>\$ 31,475,058.68</u>	<u>\$ 31,261,036.62</u>

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Liabilities, Reserves and Fund Balances</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Operating Fund:			
Appropriation Reserves	D-4	\$ 76,148.01	\$ 118,172.67
Prepaid Water/Sewer rents	D-13	51,132.52	12,609.38
Encumbrances Payable	D-14	327,745.24	93,262.02
Water and Sewer Rent Overpayments	D-15	11,407.46	6,738.87
Accrued Interest on Bonds, Notes & Loans	D-17	39,923.85	25,784.39
Accounts Payable	D-21	1,809.85	7,374.25
Community Disaster Loan - Payable	D	225,000.00	225,000.00
Community Disaster Loan - Accrued Interest	D	8,373.30	5,279.55
		<u>741,540.23</u>	<u>494,221.13</u>
Reserve for Receivables	D	537,195.94	509,117.64
Fund Balance	D-1	<u>733,643.11</u>	<u>1,007,112.58</u>
Total Operating Fund		<u>2,012,379.28</u>	<u>2,010,451.35</u>
Capital Fund:			
Serial Bonds Payable	D-18	2,976,000.00	3,905,000.00
Bond Anticipation Notes	D-19	2,024,492.00	896,151.00
Trust Loans Payable	D-20	922,966.20	986,271.27
Encumbrances Payable	D	120,885.62	86,141.64
Improvement Authorization:			
Funded	D-22	77,083.93	-
Unfunded	D-22	15,134.91	1,054,868.69
Reserve for:			
Amortization	D-23	23,138,492.63	22,134,528.56
Deferred Reserve for Amortization	D-24	3,660.00	3,660.00
Capital Improvement Fund	D-25	167,000.00	167,000.00
Fund Balance	D-2	<u>16,964.11</u>	<u>16,964.11</u>
Total Capital Fund		<u>29,462,679.40</u>	<u>29,250,585.27</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 31,475,058.68</u>	<u>\$ 31,261,036.62</u>

There were bonds and notes authorized but not issued on December 31, 2016 of \$0 and on December 31, 2015 was \$1,140,000.00

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:		
Fund Balance Anticipated	\$ 775,000.00	\$ -
Miscellaneous Revenues Anticipated	4,664,830.27	4,330,985.53
Miscellaneous Revenues Not Anticipated	633.15	5,651.71
Other Credits To Income:		
Unexpended Balance of Appropriation		
Reserves	127,787.68	59,987.85
Accrued Interest Cancelled	-	7,142.64
	<hr/>	<hr/>
Total Revenue	5,568,251.10	4,403,767.73
	<hr/>	<hr/>
Expenditures:		
Operating	3,180,000.00	2,993,700.00
Capital Improvements	660,000.00	-
Debt Service	1,143,720.57	1,234,159.00
Statutory Expenditures	83,000.00	77,000.00
	<hr/>	<hr/>
Total Expenditures	5,066,720.57	4,304,859.00
	<hr/>	<hr/>
Excess in Revenue	501,530.53	98,908.73
Fund Balance, Beginning	1,007,112.58	908,203.85
	<hr/>	<hr/>
	1,508,643.11	1,007,112.58
Decreased By:		
Utilized as Anticipated Revenue	775,000.00	-
	<hr/>	<hr/>
Fund Balance, December 31	<u>\$ 733,643.11</u>	<u>\$ 1,007,112.58</u>

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Balance, December 31, 2016 & 2015

\$ 16,964.11

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND -
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus Anticipated	\$ 775,000.00	\$ 775,000.00	\$ -
Water/Sewer Rents	4,240,000.00	4,602,362.52	362,362.52
Miscellaneous Revenue	-	633.15	633.15
Interest on:			
Delinquent Payments	63,000.00	58,778.13	(4,221.87)
Investments	<u>914.65</u>	<u>3,689.62</u>	<u>2,774.97</u>
	<u>\$ 5,078,914.65</u>	<u>\$ 5,440,463.42</u>	<u>\$ 361,548.77</u>

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND -
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:						
Salaries and Wages	\$ 615,000.00	\$ 615,000.00	\$ 615,000.00	\$ -	\$ -	\$ -
Other Expenses	<u>2,565,000.00</u>	<u>2,565,000.00</u>	<u>2,210,368.26</u>	<u>312,490.00</u>	<u>42,141.74</u>	<u>-</u>
Total Operating	<u>3,180,000.00</u>	<u>3,180,000.00</u>	<u>2,825,368.26</u>	<u>312,490.00</u>	<u>42,141.74</u>	<u>-</u>
Capital Improvements:						
Capital Improvement Fund	<u>660,000.00</u>	<u>660,000.00</u>	<u>614,880.86</u>	<u>15,255.24</u>	<u>29,863.90</u>	<u>-</u>
Total Capital Improvements	<u>660,000.00</u>	<u>660,000.00</u>	<u>614,880.86</u>	<u>15,255.24</u>	<u>29,863.90</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal	924,000.00	924,000.00	924,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	11,659.00	11,659.00	11,659.00	-	-	-
Interest on Bonds	126,231.67	126,231.67	114,297.52	-	-	11,934.15
Interest on Notes	8,925.84	8,925.84	8,665.91	-	-	259.93
NJEIT Loan	<u>85,098.14</u>	<u>85,098.14</u>	<u>85,098.14</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Service	<u>1,155,914.65</u>	<u>1,155,914.65</u>	<u>1,143,720.57</u>	<u>-</u>	<u>-</u>	<u>12,194.08</u>
Statutory Expenditures:						
Contributions To:						
Public Employees' Retirement System	35,000.00	35,000.00	35,000.00	-	-	-
Social Security System (O.A.S.I.)	<u>48,000.00</u>	<u>48,000.00</u>	<u>43,857.63</u>	<u>-</u>	<u>4,142.37</u>	<u>-</u>
Total Statutory Expenditures	<u>83,000.00</u>	<u>83,000.00</u>	<u>78,857.63</u>	<u>-</u>	<u>4,142.37</u>	<u>-</u>
Total Sewer Utility Appropriations	<u>\$ 5,078,914.65</u>	<u>\$ 5,078,914.65</u>	<u>\$ 4,662,827.32</u>	<u>\$ 327,745.24</u>	<u>\$ 76,148.01</u>	<u>\$ 12,194.08</u>
Cash Disbursements			\$ 4,622,903.47			
Accrued Interest on Bonds, Notes & Loans			<u>39,923.85</u>			
			<u>\$ 4,662,827.32</u>			

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Land	E-1	\$ 4,996,600.00	\$ 4,996,600.00
Buildings	E-1	6,174,512.00	6,174,512.00
Improvements	E-1	6,117,000.00	6,117,000.00
Machinery and Equipment	E-1	<u>5,881,185.43</u>	<u>5,777,193.35</u>
Total Assets		<u>\$ 23,169,297.43</u>	<u>\$ 23,065,305.35</u>
<u>Liabilities</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Investment in Fixed Assets	E-1	<u>\$ 23,169,297.43</u>	<u>\$ 23,065,305.35</u>
Total Liabilities		<u>\$ 23,169,297.43</u>	<u>\$ 23,065,305.35</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Borough of Keansburg was incorporated under the laws of the State of New Jersey. The financial statements of the reporting entity include those of the Borough of Keansburg only and no other component units as defined by Governmental Standards Board Statement No. 14, as amended by GASB 39 and 61.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Borough of Keansburg contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Borough of Keansburg accounts for its financial transactions through the use of separate funds, which are described as follows:

Current Fund – The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Fund – The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund – the General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water and Sewer Utility Operating and Capital Funds - are used to account for water and sewer operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the water/sewer utility to the general public be financed through user fees. Operations relating to the acquisition of water and sewer capital facilities are recorded within the Water and Sewer Utility Capital Fund.

General Fixed Assets Account Group – used to account for fixed assets used in general government operations.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Budgets and Budgetary Accounting - The Borough of Keansburg must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies (continued):

The cash management plan adopted by the Borough of Keansburg requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories and Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets of assets, liabilities, reserves and fund balance.

General Fixed Assets – Property and equipment purchased by the Current and General Capital Fund are recorded as expenditures at the time of purchase and are not capitalized. All interest costs are recorded as expenditures when paid.

Accounting for governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 85-2 as issued by the Division of Local Government Services, differs in certain respects from accounting principles generally accepted in the United States of America. The following is a brief description of the provisions of the Directive:

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 has been provided for in the financial statements. Donated general fixed assets are valued at their estimated fair market value on the date received.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation. Fixed assets acquired through grants-in-aid or contributed capital has not been accounted for separately.

Foreclosed property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Deferred Charges – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Fund Balance – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

Revenues – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenues when received.

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Monmouth, Borough of Keansburg School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Borough of Keansburg School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2015 and decreased by the amount deferred at December 31, 2016.

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Monmouth. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

Reserve for Uncollected Taxes – The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Expenditures – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Post-employment Benefits – Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis.

Subsequent Events - The Borough of Keansburg has evaluated subsequent events occurring after December 31, 2016 through the date of June 20, 2017, which is the date the financial statements were available to be issued.

Adopted Accounting Pronouncements

For the year ended December 31, 2016, the Borough implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Borough is required to measure certain investments at fair value for financial reporting purposes. In addition, the Borough is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Borough’s financial statements.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies (continued):

The Borough implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Borough's financial statements.

The Borough implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Borough's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. Implementation of this Statement did not impact the Borough's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this Statement did not impact the Borough's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Implementation of this Statement did not impact the Borough's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Borough's financial statements.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended December 31, 2017. Management has not yet determined the potential impact on the Borough's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting requirements for certain asset retirement obligations and establishes the timing and pattern of recognition of a liability and corresponding deferred outflow of resources. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Borough's financial statements.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 2. Cash and Cash Equivalents

The Borough is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2016 and reported at fair value are as follows:

Type	Carrying Value
Deposits	
Demand Deposits	\$ 17,162,185.98
Total Deposits	<u>\$ 17,162,185.98</u>
The Borough's Cash and Cash Equivalents are Reported as Follows:	
Current Fund	\$ 6,129,322.13
Grant Fund	284,811.56
Trust Other Fund	1,963,046.05
Animal Control Fund	5,915.01
Capital Fund	7,125,462.62
Water and Sewer Utility Capital Fund	412,068.57
Water and Sewer Utility Operating Fund	<u>1,241,560.04</u>
Total Cash and Cash Equivalents	<u>\$ 17,162,185.98</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2016, the Borough's bank balance of \$17,806,532.98 was insured or collateralized as follows:

Insured	\$ 500,000.00
Uninsured & Uncollateralized	15,936,956.03
Collateralized in the Borough's Name Under GUDPA	<u>1,369,576.95</u>
Total	<u>\$ 17,806,532.98</u>

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 3. Investments

A. Custodial Credit Risk

For an investment, custodial credit risk is a 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 in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough and are held by either the counterparty or the counterparty's trust department or agent but not in the Borough's name. All of the Borough's investments are held in the name of the Borough and are collateralized by GUDPA.

B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Borough has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2016, are provided in the above schedule.

C. Investment Credit Risk

The Borough has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or 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 obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Borough or bonds or other obligations of the local unit or units within which the Borough is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Borough;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 3. Investments (continued):

	Fair Value (LOSAP)	Book Value	Total Reported Value
2016:			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$370,589.55</u>	<u>\$370,589.55</u>	<u>\$370,589.55</u>
2015:			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$355,392.86</u>	<u>\$355,392.86</u>	<u>\$355,392.86</u>

Note 4. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison of Tax rate Information			
	2016	2015	2014
Total Tax Rate	<u>\$ 3.646</u>	<u>\$ 3.503</u>	<u>\$ 3.403</u>
Apportionment of Tax Rate:			
Municipal	2.258	2.152	2.095
County	0.332	0.343	0.349
Local School	1.056	1.008	0.959

Net Valuation Taxable

2016	<u>\$ 465,816,570.00</u>	
2015	<u>\$ 478,094,196.00</u>	
2014		<u>\$ 493,320,899.00</u>

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 4. Property Taxes (continued)

Comparison of Tax Levies and Collection Currently

Year	Tax Levy	Cash Collections	Percentage Of Collection
2016	\$ 17,188,406.51	\$ 16,401,265.74	95.42%
2015	16,911,472.33	16,042,317.86	94.86%
2014	16,801,604.00	16,050,725.00	95.53%

Delinquent Taxes and Tax Title Liens

Year Ended December 31	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2016	\$ 288,685.20	\$ 769,570.70	\$ 1,058,255.90	6.16%
2015	222,915.08	855,347.28	1,078,262.36	6.39%
2014	192,122.00	726,358.00	918,480.00	5.46%

Note 5. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
CURRENT FUND:			
2016	\$ 3,595,276.46	\$ 2,000,000.00	55.63%
2015	3,757,638.99	3,000,000.00	79.84%
2014	3,177,237.99	1,162,613.50	36.59%
2013	1,782,506.41	200,000.00	11.22%
2012	999,534.84	200,000.00	20.01%
WATER-SEWER OPERATING FUND:			
2016	\$ 733,643.11	\$ 150,000.00	20.45%
2015	1,007,112.58	775,000.00	76.95%
2014	908,203.85	-	0.00%
2013	519,809.97	100,000.00	19.24%
2012	119,224.34	-	0.00%

BOROUGH OF KEANSBURG**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016****Note 6. Interfunds**

As of December, 31 2016 the Borough of Keansburg did not have any Interfund Balances.

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 60,000.00	\$ -
Grant Fund	125,902.35	60,000.00
General Capital	-	125,902.35
	<u>\$ 185,902.35</u>	<u>\$ 185,902.35</u>

Note 7. General Fixed Assets

The following schedule is a summarization of the changes in General Fixed Assets for the fiscal year ended December 31, 2016:

	December 31, 2015	Additions	December 31, 2016
Fixed Assets not being depreciated:			
Land	\$ 4,996,600.00	\$ -	\$ 4,996,600.00
Buildings	6,174,512.00	-	6,174,512.00
Machinery & Equipment	5,777,193.35	103,992.08	5,881,185.43
Improvements	6,117,000.00	-	6,117,000.00
Fixed assets not being depreciated	<u>\$ 23,065,305.35</u>	<u>\$ 103,992.08</u>	<u>\$ 23,169,297.43</u>

All additions are recorded at cost.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

BOROUGH OF KEANSBURG

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded

liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Components of Net Pension Liability - At December 31, 2016, the Municipality reported a liability of \$8,938,123.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .03018%, which was a decrease of .00195% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 & December 31, 2015		
	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	2,452,787.00	1,066,082.00
Deferred Inflows of Resources	317,039.00	115,943.00
Net Pension Liability	8,938,123.00	7,211,266.00
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.03018%	0.03212%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

BOROUGH OF KEANSBURG

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 166,222.00	\$ -
Changes of Assumptions	1,851,502.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	340,819.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	<u>94,244.00</u>	<u>317,039.00</u>
	<u><u>\$ 2,452,787.00</u></u>	<u><u>\$ 317,039.00</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense as follows:

Year Ending	
<u>Dec 31,</u>	<u>PERS</u>
2017	\$ 497,366.00
2018	497,369.00
2019	584,911.00
2020	473,440.00
2021	<u>82,662.00</u>
	<u><u>\$ 2,135,748.00</u></u>

BOROUGH OF KEANSBURG

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

<u>PERS</u>	
Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best

BOROUGH OF KEANSBURG**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016****Note 8. Pension Obligations (continued):****A. Public Employees' Retirement System (PERS) (continued):**

estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF KEANSBURG

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	Decrease (2.98%)	Discount Rate (3.98%)	Increase (4.98%)
Municipality's proportionate share of the Net Pension Liability	\$ 10,952,626.48	\$ 8,938,123.00	\$ 7,274,975.71

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

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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

The following represents the membership tiers for PFRS:

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

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

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Municipality contributions to PFRS amounted to \$947,739.00 for 2016.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Net Pension Liability and Pension Expense - At December 31, 2016, the Municipality's proportionate share of the PFRS net pension liability is valued to be \$22,204,511.00. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .11624%, which was a decrease of .00376% from its proportion measured as of June 30, 2015.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Collective Balances at December 31, 2016 & December 31, 2015		
	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	5,659,799.00	5,010,083.00
Deferred Inflows of Resources	613,161.00	566,094.00
Net Pension Liability	22,204,511.00	19,987,919.00
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.11629%	0.12000%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Municipality had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 145,554.00
Changes of Assumptions	3,075,507.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,555,825.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	<u>1,028,467.00</u>	<u>467,607.00</u>
	<u>\$ 5,659,799.00</u>	<u>\$ 613,161.00</u>

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

Year Ending <u>Dec 31,</u>	<u>PFRS</u>		
2017	\$ 1,288,136.00		
2018	1,288,137.00		
2019	1,634,622.00		
2020	905,540.00		
2021	<u>(69,797.00)</u>		
	<u>\$ 5,046,638.00</u>		
		<u>Deferred</u>	<u>Deferred</u>
		<u>Outflows of</u>	<u>Inflows of</u>
		<u>Resources</u>	<u>Resources</u>
Differences between Expected and Actual Experience			
Year of Pension Plan Deferral:			
June 30, 2014	-	-	-
June 30, 2015	-	5.53	5.53
June 30, 2016	-	5.58	5.58
Changes of Assumptions			
Year of Pension Plan Deferral:			
June 30, 2014	6.17	-	-
June 30, 2015	5.53	-	-
June 30, 2016	5.58	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments			
Year of Pension Plan Deferral:			
June 30, 2014	-	5.00	5.00
June 30, 2015	-	5.00	5.00
June 30, 2016	5.00	-	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions			
Year of Pension Plan Deferral:			
June 30, 2014	6.17	6.17	6.17
June 30, 2015	5.53	5.53	5.53
June 30, 2016	5.58	5.58	5.58

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State's proportionate share of the net pension liability attributable to the Municipality is \$1,864,628.00 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The State's proportion of the net pension liability associated with the Municipality was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2016 was .11624%, which was a decrease of .00376% from its proportion measured as of June 30, 2015, which is the same proportion as the Municipality's.

Municipality's Proportionate Share of the Net Pension Liability	\$ 22,204,511.00
State's Proportionate Share of the Net Pension Liability Associated with the Municipality	<u>1,864,628.00</u>
Total Net Pension Liability	<u><u>\$ 24,069,139.00</u></u>

For the year ended December 31, 2016, the Municipality's total allocated pension expense was \$2,799,838.00.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

<u>PFRS</u>	
Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 8. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

BOROUGH OF KEANSBURG

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

	Decrease (4.55%)	Discount Rate (5.55%)	Increase (6.55%)
Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 31,035,389.88	\$ 24,069,139.00	\$ 18,388,580.44

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A.43:15C-1* et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

As of December 31, 2016, the Borough had five employees participating in the Defined Contribution Retirement Program.

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Borough.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Capital Debt

A Summary of Municipal Debt is as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Issued</u>			
General:			
Bonds, Notes, & Loans	\$ 15,843,910.85	\$ 15,446,627.58	\$ 10,664,207.08
Water Sewer Utility:			
Bonds & Notes	5,923,458.20	5,787,422.27	6,827,386.34
	<hr/>	<hr/>	<hr/>
Net Debt Issued	21,767,369.05	21,234,049.85	17,491,593.42
	<hr/>	<hr/>	<hr/>
<u>Authorized But Not Issued</u>			
General:			
Bonds & Notes	179,722.00	1,436,044.00	5,578,971.00
Water & Sewer Utility:			
Bonds & Notes	-	1,140,000.00	-
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	179,722.00	2,576,044.00	5,578,971.00
	<hr/>	<hr/>	<hr/>
Net Bonds & Notes Issued			
& Authorized But Not Issued	<u>\$ 21,947,091.05</u>	<u>\$ 23,810,093.85</u>	<u>\$ 23,070,564.42</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 3.026%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Utility Debt	\$ 5,923,458.20	\$ 5,923,458.20	\$ -
General Debt	16,023,632.85	15,381.00	16,008,251.85
	<hr/>	<hr/>	<hr/>
Total	\$ 21,947,091.05	\$ 5,938,839.20	\$ 16,008,251.85
	<hr/>	<hr/>	<hr/>

Net Debt, \$16,008,251.85 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$529,045,165.67 equals 3.026%.

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 18,516,580.80
Net Debt	<u>16,008,251.85</u>
	<hr/>
Remaining Borrowing Power	<u>\$ 2,508,328.95</u>

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Capital Debt (continued):

Calculation of Self-Liquidating Purpose - Water & Sewer Utility per N.J.S.40A:2-45

Cash Receipts From Fees, Rents & Other Charges	\$ 4,713,031.23
Deductions:	
Operating & Maintenance Costs	\$ 3,519,106.75
Debt Service	1,103,796.72
	<u>4,622,903.47</u>
Excess Revenue - Self Liquidating	<u><u>\$ 90,127.76</u></u>

During the fiscal year ended December 31, 2016 the following changes occurred in debt:

	December 31, 2015	Accrued/ Increases	Retired/ Decreases	December 31, 2016	Due Within One Year
Current Fund:					
Special Emergency Note Payable	\$ 260,330.67	\$ -	\$ (260,330.67)	\$ -	\$ -
CDL - Note Payable	3,729,766.00	-	-	3,729,766.00	-
CDL - Interest Payable	54,746.55	26,546.78	-	81,293.33	-
Total Current Fund	<u>\$ 4,044,843.22</u>	<u>\$ 26,546.78</u>	<u>\$ (260,330.67)</u>	<u>\$ 3,811,059.33</u>	<u>\$ -</u>
General Capital Fund:					
General Serial Bonds Payable	\$ 4,456,000.00	\$ 2,035,000.00	\$ (2,610,000.00)	\$ 3,881,000.00	\$ 488,000.00
Leases Payable	118,000.00	-	(28,000.00)	90,000.00	28,000.00
NJEIT Loans Payable	1,001,798.66	-	(187,901.02)	813,897.64	192,658.90
Green Trust Loans Payable	243,619.92	-	(58,733.71)	184,886.21	51,797.24
Bond Anticipation Notes	9,745,209.00	10,874,127.00	(9,745,209.00)	10,874,127.00	10,874,127.00
Authorized but Not Issued	1,436,044.00	-	(1,256,322.00)	179,722.00	-
Total General Capital Fund	<u>\$ 17,000,671.58</u>	<u>\$ 12,909,127.00</u>	<u>\$ (13,886,165.73)</u>	<u>\$ 16,023,632.85</u>	<u>\$ 11,634,583.14</u>
Water & Sewer Utility Fund:					
General Serial Bonds Payable	\$ 3,905,000.00	\$ 95,000.00	\$ (1,024,000.00)	\$ 2,976,000.00	\$ 958,000.00
Trust Loans Payable	986,271.27	-	(63,305.07)	922,966.20	63,305.07
Bond Anticipation Notes	896,151.00	2,024,492.00	(896,151.00)	2,024,492.00	2,024,492.00
Authorized but Not Issued	1,140,000.00	-	(1,140,000.00)	-	-
Total Water & Sewer Fund	<u>\$ 6,927,422.27</u>	<u>\$ 2,119,492.00</u>	<u>\$ (3,123,456.07)</u>	<u>\$ 5,923,458.20</u>	<u>\$ 3,045,797.07</u>

BOROUGH OF KEANSBURG**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016****Note 9. Capital Debt (continued):**Schedule of Annual Debt Service for Bonded Debt Issued and OutstandingGeneral Debt

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 488,000.00	\$ 263,193.76	\$ 751,193.76
2018	503,000.00	245,273.76	748,273.76
2019	510,000.00	222,353.76	732,353.76
2020	525,000.00	185,898.76	710,898.76
2021	550,000.00	146,283.76	696,283.76
2022 - 2024	<u>1,305,000.00</u>	<u>158,733.76</u>	<u>1,463,733.76</u>
	<u>\$ 3,881,000.00</u>	<u>\$ 1,221,737.56</u>	<u>\$ 6,277,503.10</u>

Schedule of Annual Debt Service for Bonded Debt Issued and OutstandingWater and Sewer Utility

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 958,000.00	\$ 97,870.00	\$ 1,060,470.00
2018	993,000.00	68,300.00	1,065,900.00
2019	945,000.00	37,417.50	987,017.50
2020	20,000.00	4,057.50	28,057.50
2021	20,000.00	6,202.50	26,202.50
2022 - 2023	<u>40,000.00</u>	<u>6,302.50</u>	<u>46,302.50</u>
	<u>\$ 2,976,000.00</u>	<u>\$ 237,950.00</u>	<u>\$ 3,213,950.00</u>

Advance Refunding of School Bonds, Series 2002

During March 2016, the Borough had a partial defeasance of the 2008 Series Bonds. The Council issued \$2,130,000 of general obligation refunding bonds Series 2016 to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt.

In summary, the advance refunding of outstanding callable 2008 serial bonds generated \$97,000.00 in gross debt service savings and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$156,297.64, or a net annual present value savings of 7.018304%. The bonds are due to mature annually through the 2023 fiscal year at annual interest rates ranging from 4.00% to 5.00%.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Capital Debt (continued):

Capital Lease Obligations

The Borough is obligated to the Monmouth County Improvement Authority (“Authority”) for County-Guaranteed Pooled Lease Revenue Bonds under the 2009 Capital Equipment Improvement Lease Programs.

Debt service requirements for Capital Lease obligations during the next several years are as follows:

	<u>Series</u> <u>2009</u>	<u>Total</u>
2017	\$ 32,825.00	\$ 32,825.00
2018	32,592.50	32,592.50
2019	<u>32,317.50</u>	<u>32,317.50</u>
Total		
Payment	<u>\$ 97,735.00</u>	<u>\$ 97,735.00</u>
Interest		
Payment	<u>\$ 7,735.00</u>	<u>\$ 7,735.00</u>

New Jersey Environmental Infrastructure Trust

The Borough has contracted with the State of New Jersey, Department of Environmental Protection to fund a portion of the costs incurred for Drainage Improvements. Pursuant to the provision of N.J.S.A. 40A:2-1 et seq., the combined outstanding principal of these loans has been included in the calculation of the Borough’s statutory debt condition. Information relating to these loans is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 174,640.22	\$ 22,575.00	\$ 197,215.22
2018	179,487.99	17,325.00	196,812.99
2019	184,175.91	11,812.50	195,988.41
2020	<u>188,704.17</u>	<u>6,037.50</u>	<u>194,741.67</u>
	<u>\$ 727,008.29</u>	<u>\$ 57,750.00</u>	<u>\$ 784,758.29</u>
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 18,018.68	\$ 2,450.00	\$ 20,468.68
2018	17,696.64	1,950.00	19,646.64
2019	17,374.61	1,450.00	18,824.61
2020	17,052.57	950.00	18,002.57
2021	<u>16,746.85</u>	<u>475.00</u>	<u>17,221.85</u>
	<u>\$ 86,889.35</u>	<u>\$ 7,275.00</u>	<u>\$ 94,164.35</u>

BOROUGH OF KEANSBURG**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016****Note 9. Capital Debt (continued):**Water and Sewer Utility: N.J.E.I.T. Fund Loan

The Borough has contracted with the State of New Jersey, Department of Environmental Protection, to fund a portion of the costs incurred for the design of a desalination system for the Water Plant. Pursuant to the provision of N.J.S.A. 40A:2-1 et seq., the combined outstanding principal of these loans has been included in the calculation of the Borough's statutory debt condition. Information relating to this loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Total</u>
2017	\$ 33,305.07	\$ 33,305.07
2018	33,305.07	33,305.07
2019	33,305.07	33,305.07
2020	33,305.07	33,305.07
2021	33,305.07	33,305.07
2022 - 2026	166,525.35	166,525.35
2027 - 2029	<u>99,915.50</u>	<u>99,915.50</u>
	<u>\$ 432,966.20</u>	<u>\$ 432,966.20</u>

Water and Sewer Utility: Trust Loan – Series A

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 30,000.00	\$ 20,000.00	\$ 50,000.00
2018	30,000.00	18,500.00	48,500.00
2019	30,000.00	17,000.00	47,000.00
2020	35,000.00	15,800.00	50,800.00
2021	35,000.00	14,050.00	49,050.00
2022 - 2026	190,000.00	49,800.00	244,800.00
2027 - 2029	<u>135,000.00</u>	<u>10,800.00</u>	<u>145,800.00</u>
	<u>\$ 490,000.00</u>	<u>\$ 145,950.00</u>	<u>\$ 635,950.00</u>

BOROUGH OF KEANSBURG

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 9. Capital Debt (continued):

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

Green Acres Loan Program – 1321-92-039

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ <u>8,036.63</u>	\$ <u>80.37</u>	\$ <u>8,117.02</u>
	\$ <u>8,036.63</u>	\$ <u>80.37</u>	\$ <u>8,117.02</u>

Green Acres Loan Program – 1321-95-049

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,562.11	\$ 334.47	\$ 1,896.58
2018	1,593.51	303.08	1,896.59
2019	1,625.53	271.05	1,896.58
2020	1,658.21	238.37	1,896.58
2021	1,691.54	202.05	1,896.59
2022 - 2026	<u>8,981.57</u>	<u>501.36</u>	<u>9,482.93</u>
	\$ <u>17,112.47</u>	\$ <u>1,853.38</u>	\$ <u>18,965.85</u>

BOROUGH OF KEANSBURG**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016****Note 9. Capital Debt (continued):**

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

Green Acres Loan Program – 1321-95-049(A)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 37,360.57	\$ 1,710.41	\$ 39,070.98
2018	38,111.52	959.47	39,070.99
2019	<u>19,342.07</u>	<u>193.42</u>	<u>19,535.49</u>
	<u>\$ 94,814.16</u>	<u>\$ 2,863.30</u>	<u>\$ 97,677.46</u>

Green Acres Loan Program – 1323-03-012

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,837.91	\$ 1,274.39	\$ 6,112.30
2018	4,935.15	1,177.15	6,112.30
2019	5,034.35	1,077.95	6,112.30
2020	5,135.53	976.77	6,112.30
2021	5,238.76	873.54	6,112.30
2022 - 2026	27,268.17	2,745.23	30,561.49
2027 - 2028	<u>17,711.84</u>	<u>299.61</u>	<u>12,224.60</u>
	<u>\$ 64,922.95</u>	<u>\$ 8,424.64</u>	<u>\$ 73,347.59</u>

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 KEANSBURG**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016****Note 9. Capital Debt (continued):**

At December 31, 2016, the Borough had the following outstanding bond anticipation notes in the General Capital Fund:

<u>Purpose</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Amount</u>
Acquisition Fire Truck/Energy Efficient Devices	06/25/16	1.00%	\$ 45,691.00
Improvements Main Street Business	06/25/16	1.00%	364,435.00
Improvements to Highland Blvd./Center Ave.	06/25/16	1.00%	59,208.00
Improvements to Parks and Playgrounds	06/25/16	1.00%	94,824.00
Improvements to Main Street	06/25/16	1.00%	232,758.00
Improvements to Various Roads	06/25/16	1.00%	340,000.00
Improvements to Highland Blvd./Center Ave.	06/25/16	1.00%	156,578.00
Terrace Place Vicinity Road Improvements	06/25/16	1.00%	246,795.00
Sinkhole Improvements	06/25/16	1.00%	28,365.00
Improvements to Various Roads	06/25/16	1.00%	1,666,153.00
Park Improvements	06/25/16	1.00%	193,103.00
Bulkhead Creek Rd/Laurel	06/25/16	1.00%	632,896.00
Drainage Outfall Pipes	06/25/16	1.00%	418,000.00
Raritan Avenue Drainage – Phase II	06/25/16	1.00%	560,000.00
Construction of New Police Facility	06/25/16	1.00%	5,034,999.00
Improvements to Shore Blvd/Woodland Ave	06/25/16	1.00%	730,322.00
Acquisition of Real Property	06/25/16	1.00%	<u>70,000.00</u>
			<u>\$ 10,874,127.00</u>

At December 31, 2016, the Borough had the following outstanding bond anticipation notes in the Water/Sewer Utility Fund:

<u>Purpose</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Amount</u>
Design Desalination System Water Plant	06/25/16	1.00%	\$ 501,215.00
Desalination System Water Plant	06/25/16	1.00%	394,936.00
Various Water & Sewer Improvements	06/25/16	1.00%	<u>1,140,000.00</u>
			<u>\$ 2,024,492.00</u>

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 10. Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Borough to purchase commercial insurance for the risks of loss to which it is exposed. Settlements in each of the past three years have not exceeded the insurance coverage.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

Note 11. Post-Employment Retirement Benefits

The Borough contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. On February 24, 1981, the Borough authorized participation in the SHBP's post-retirement benefit program through resolution number 78-2-24-81. Eligibility to participate in the SHBP's post-retirement benefit program begins after 25 years of credited service with the Borough. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly-available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. Plan members or beneficiaries receiving benefits do not make any contributions.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 11. Post-Employment Retirement Benefits (continued)

The Borough's contributions to SHBP for the years ended December 31, 2016 were \$443,145.47, which equaled the required contributions for each year. There were approximately 42 retired participants eligible at December 31, 2016.

Note 12. Length of Service Award Program ("LOSAP")

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Keansburg Emergency Medical Services Squads. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "length of service award plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions – The annual contribution to be made by the Borough for each active volunteer member shall be \$600.00, \$800.00 or \$1,150.00 per year of active emergency service, commencing with the year 2008.

Appropriations – Appropriations for the purpose of funding the Borough's LOSAP shall be included as a separate line item in the Borough's budget, commencing with the year 2008.

Periodic Increases – Notwithstanding the provisions above, the annual contribution to be made by the Borough for each active volunteer member shall be subject to periodic increases based upon the "Consumer Price Index Factor" pursuant to subsection f. of section 3 of P.L. 1997, c.388 (*N.J.S.A.40A:14-185*).

Criteria for Eligibility; Contributions; Points – Any active volunteer member shall eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Borough, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

Determination as to Eligibility – Each emergency service organization shall provide to the Borough Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as of each January 1 thereafter. The Plan Administrator shall forward said certified list to the Borough Council for approval, in accordance with the provisions of N.J.A.C. 5:30-14.10. The decision of the Borough Council as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

Terms of Participation – The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting – The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 12. Length of Service Award Program (“LOSAP”) (continued):

Termination of Service – Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements – *N.J.A.C.5:30-14.49* requires that the Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accounts Statements on Standards for Accounting and Auditing Review Services.

Note 13. Accrued Sick and Vacation Benefits

The Borough has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material. At December 31, 2016, the Borough has estimated this liability to be approximately \$681,064.81. The realization of this liability may be affected by conditions, which could preclude an employee from receiving full payment of the accrual.

Note 14. 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, 2016, the Borough estimates that no material liabilities will result from such audits.

Note 15. Deferred Compensation Program

The Borough has instituted a Deferred Compensation Plan (“Plan”) pursuant to Section 457 of the Internal Revenue Code and amended pursuant to Section 401 (a)(31)(B) 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.

BOROUGH OF KEANSBURG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

Note 16. Community Disaster Loan

On March 27th, 2013, the Borough submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of \$3,954,766 in relation to Hurricane Sandy losses and expenditures. On March 28, 2013, the Borough approved a resolution to amend the 2013 Budget by \$1,970,000, the amount of the CDL that was awarded in 2013. The remaining \$1,984,766 was received in June of 2014.

The interest rate on the loan is the U.S. Treasury rate for 5-year maturities on the date the Promissory Note is executed, in this case June 20, 2013 when the interest rate was 0.75%. The term of the loan is usually 5 years, but may be extended. Interest accrues on the funds as they are disbursed. When applicable, the Assistance Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the applicant in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and un-reimbursed disaster related operating expenses. As of December 31, 2016, the Current Fund has recorded a loan payable in the amount of \$3,729,766.00 with \$81,293.33 of accrued interest and the Utility fund has recorded a loan payable in the amount of \$225,000.00 with \$8,373.30 of accrued interest.

Note 17. Superstorm Sandy

On October 29, 2012, Superstorm Sandy (the “Storm”), then a Category 1 post-tropical cyclone according to the National Weather Service, struck the coast of New Jersey. The resulting storm surge and winds caused catastrophic damage to many coastal and riverfront communities, as well as widespread physical damage (including downed trees and branches and loss of electrical power and other utilities) throughout the State. In the days following the Storm, most schools and businesses – and many roads, bridges and public transportation systems – were closed. The full extent of the damage caused by the Storm has yet to be ascertained, but some preliminary estimates forecast total economic cost to the East Coast of between \$30 and \$50 billion.

The Borough of Keansburg (“Borough”) sustained significant wind and flood damage from the Storm. The Borough is working closely with FEMA representatives to submit claims for the expenses related to infrastructure repair and the debris cleanup in the weeks following the Storm.

Note 18. Subsequent Events

As discussed in Note 1, the Borough has evaluated subsequent events through June 20, 2017, the date the financial statements were available to be issued. No additional disclosures necessary.

SUPPLEMENTARY STATEMENTS

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CURRENT FUND

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BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH AND INVESTMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance, December 31, 2015	\$ 6,152,337.42	\$ 27,208.86
Increased By Receipts:		
Non-Budget Revenues	\$ 430,339.94	\$ -
State of New Jersey - Senior Citizens' and Veterans' Deductions	62,896.55	-
Property Taxes Receivable	16,195,801.99	-
Tax Title Liens Receivable	10,682.80	-
Revenue Accounts Receivable	3,802,825.30	-
Due To/From:		
State of N.J.	1,100.00	-
Prepaid Taxes	176,747.87	-
Outside Liens Payable	811,161.45	-
Reserve for FEMA Reimbursements	308,102.61	-
Interfunds Returned	333,773.83	255,724.02
Due from Water Operating Fund	28,350.62	-
Grants Receivable	-	960,095.12
Grants:		
Unappropriated	-	60,867.83
	<u>22,161,782.96</u>	<u>1,276,686.97</u>
	28,314,120.38	1,303,895.83
Decreased By Disbursements:		
2016 Budget Appropriations	14,178,244.38	-
2015 Appropriation Reserves	407,136.24	-
Special Emergency Notes	260,330.67	-
Local School Taxes	4,916,976.00	-
County Taxes	1,561,120.69	-
Outside Liens Payable	780,611.02	-
Property Tax Overpayments	44,519.24	-
Due to State of N.J. Marriage License	1,125.00	-
Reserve for FEMA Reimbursements	9,000.00	-
Due From State of NJ - CDBG Non Federal Cost Share	6,256.05	-
Due to General Capital Fund	-	125,902.35
Grants - Appropriated	-	893,181.92
	<u>22,184,798.25</u>	<u>1,019,084.27</u>
Balance, December 31, 2016	<u><u>\$ 6,129,322.13</u></u>	<u><u>\$ 284,811.56</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CHANGE FUND AND PETTY CASH FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2016</u>
Tax Collector	\$ 250.00
Municipal Court	150.00
Clerk & Vital Statistics	75.00
Construction Office	100.00
Code Enforcement Office	<u>50.00</u>
	<u><u>\$ 625.00</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 37,624.60
Increased By:		
Senior Citizens' Deductions per		
Tax Billings	\$ 18,500.00	
Veterans' Deductions per Tax Billings	46,000.00	
Senior Citizens' and Veterans' Deductions		
Allowed By Tax Collector	<u>1,000.00</u>	
		<u>65,500.00</u>
Decreased By:		103,124.60
Cash Received From State of New Jersey	62,896.55	
Senior Citizens' and Veterans' Deductions		
Disallowed By Tax Collector	<u>2,086.72</u>	
		<u>64,983.27</u>
Balance, December 31, 2016		<u><u>\$ 38,141.33</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Year</u>	<u>Balance December 31, 2015</u>	<u>2016 Levy</u>	<u>Added</u>	<u>2015</u>	<u>2016</u>	<u>Due From State of New Jersey</u>	<u>Transfers to Tax Title Lien</u>	<u>Remitted Abated Cancelled</u>	<u>Balance December 31, 2016</u>
2012	\$ 736.81	\$ -	\$ -	\$ -	-	\$ -	-	\$ -	\$ 736.81
2013	10,753.83	-	-	-	-	-	6,757.49	-	3,996.34
2014	18,470.99	-	-	-	80.21	-	8,033.07	-	10,357.71
2015	816,837.50	-	-	-	776,524.87	-	19,074.13	-	21,238.50
2016	-	16,980,250.08	208,156.43	142,130.68	16,195,721.78	63,413.28	30,165.24	29,739.42	727,236.11
Arrears	8,548.15	-	-	-	2,542.92	-	-	-	6,005.23
	<u>\$ 855,347.28</u>	<u>\$ 16,980,250.08</u>	<u>\$ 208,156.43</u>	<u>\$ 142,130.68</u>	<u>\$ 16,974,869.78</u>	<u>\$ 63,413.28</u>	<u>\$ 64,029.93</u>	<u>\$ 29,739.42</u>	<u>\$ 769,570.70</u>

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax
Added/ Omitted Taxes (R.S. 54-4-63, 1 et seq.)

\$ 16,980,250.08
208,156.43
\$ 17,188,406.51

Tax Levy

Local District School Tax

County Taxes:

General Tax

Library Tax

Open Space Fund Tax

Health Tax

Added & Omitted Tax

\$ 4,916,976.00

\$ 1,348,156.81

92,577.46

77,449.99

27,210.61

15,725.82

1,561,120.69

6,478,096.69

Local Tax for Municipal Purposes

Add: Additional Tax Levied

10,517,879.21

192,430.61

10,710,309.82

\$ 17,188,406.51

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 222,915.08
Increased By:	
Interest and Costs at Tax Sale	<u>76,452.92</u>
	299,368.00
Decreased By:	
Cash Receipts	<u>10,682.80</u>
Balance, December 31, 2016	<u><u>\$ 288,685.20</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 & 2015

\$ 186,800.00

BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance December 31, <u>2015</u>	Accrued in <u>2016</u>	<u>Collections</u>	Balance December 31, <u>2016</u>
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ -	\$ 15,795.00	\$ 15,795.00	\$ -
Other	-	30,830.00	30,830.00	-
Fees and Permits	-	425,789.85	425,789.85	-
Fines and Costs:				
Municipal Court	-	342,089.18	342,089.18	-
Interest and Costs on Taxes	-	157,470.19	157,470.19	-
Parking Meters	-	211,297.57	211,297.57	-
Interest on Investments and Deposits	-	29,322.42	29,322.42	-
PILOT:				
Keansburg Housing Authority	-	7,942.00	7,942.00	-
Grandview Apartments	-	80,000.00	80,000.00	-
Rental of Borough Property	-	45,000.00	45,000.00	-
Consolidated Municipal Property Tax Relief Aid	-	544,360.00	544,360.00	-
Energy Receipts Tax (P.L. 1997, Chaps. 162 & 167)	-	1,281,271.00	1,281,271.00	-
Uniform Construction Code Fees	-	453,245.00	453,245.00	-
Interlocal Service Agreement - School Resource Officer	-	60,000.00	60,000.00	-
Other Special Items:				
Uniform Fire Safety Act	-	8,408.80	8,408.80	-
Cable TV Fees	-	110,004.29	110,004.29	-
	<u>\$ -</u>	<u>\$ 3,802,825.30</u>	<u>\$ 3,802,825.30</u>	<u>\$ -</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, 2015	Transferred from 2016 Budgets	Encumbrances Payable	Expended	Balance December 31, 2016
Federal Grants:					
Local Law Enforcement Block Grant	\$ 339.79	\$ 0.19	\$ -	\$ -	\$ 339.98
NJEDA - Neighborhood Comm Revitalization	-	1,335,258.00	26,395.50	550,610.86	758,251.64
State Grants:					
Safe & Secure	-	60,000.00	-	60,000.00	-
Safe & Secure - Match	-	186,712.00	-	186,712.00	-
Monmouth County Workforce	44,068.68	-	-	-	44,068.68
Drunk Driving Enforcement Fund	3,384.40	2,300.79	-	4,786.53	898.66
Strategic Recovery Plan	-	-	-	(7,031.57)	7,031.57
Post Sandy Planning Assistance	45,557.12	-	-	24,953.15	20,603.97
Zoning Code Enforcement	21,065.08	-	-	4,337.30	16,727.78
Alcoholic Education	478.66	-	-	-	478.66
Body Armor	14,426.21	6,516.44	2,713.95	5,427.98	12,800.72
FEMA - Hazard Mitigation Grant	-	328,670.00	-	-	328,670.00
Clean Communities	15,973.27	22,905.32	900.00	21,561.72	16,416.87
Click It or Ticket	-	5,000.00	-	5,000.00	-
Drive Sober or Get Pulled Over	-	4,000.00	-	4,000.00	-
Saturation Traffic Safety	-	9,975.00	-	9,975.00	-
Recreational Trails Program	1,709.25	-	-	-	1,709.25
NJDOT - Raritan Avenue	185,000.00	-	-	-	185,000.00
Recycling Tonnage Grant	16,254.22	7,963.66	-	22,848.95	1,368.93
Special Legislative Grant:					
Marina Facility	4,969.90	-	-	-	4,969.90
	<u>\$ 353,226.58</u>	<u>\$ 1,969,301.40</u>	<u>\$ 30,009.45</u>	<u>\$ 893,181.92</u>	<u>\$1,399,336.61</u>
2016 Budget Appropriations		\$ 1,782,589.21			
Cash Receipts - Local Match		186,712.19			
		<u>\$ 1,969,301.40</u>			

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	Transferred To Budget <u>Appropriations</u>	Cash <u>Received</u>	Balance December 31, <u>2016</u>
Local Law Enforcement - Interest	\$ 0.19	0.19	\$ -	\$ -
Drunk Driving Enforcement Fund	2,300.79	2,300.79	2,202.33	2,202.33
Zoning Code Enforcement	-	-	55,066.62	55,066.62
Body Armor	6,516.44	6,516.44	3,598.88	3,598.88
	<u>\$ 8,817.42</u>	<u>\$ 8,817.42</u>	<u>\$ 60,867.83</u>	<u>\$ 60,867.83</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Description</u>	Balance December 31, <u>2015</u>	Decreased <u>By</u>	Balance December 31, <u>2016</u>
Special Emergency Authorization: 11/10/12 Superstorm Sandy	<u>\$ 260,330.67</u>	<u>\$ 260,330.67</u>	<u>\$ -</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance, December 31, <u>2015</u>	Balance after <u>Modifications</u>	Paid or <u>Charged</u>	<u>Lapsed</u>
GENERAL GOVERNMENT				
Borough Council:				
Salaries and Wages	\$ 1,800.00	\$ 1,800.00	\$ 272.98	\$ 1,527.02
Other Expenses	21,225.10	21,225.10	1,175.00	20,050.10
Office of the Borough Manager:				
Salaries and Wages	14,862.75	14,862.75	7,155.34	7,707.41
Other Expenses	7,134.32	7,134.32	-	7,134.32
Office of the Borough Clerk:				
Other Expenses	11,551.82	11,551.82	3,680.44	7,871.38
Legal Services and Costs:				
Other Expenses	32,862.79	32,862.79	12,484.00	20,378.79
Elections:				
Other Expenses	9,076.11	9,076.11	1,200.00	7,876.11
DEPARTMENT OF FINANCE				
Office of Director of Finance:				
Salaries and Wages	25,742.99	25,742.99	2,330.57	23,412.42
Other Expenses	9,486.44	9,486.44	7,379.52	2,106.92
Annual Audit	47,000.00	47,000.00	47,000.00	-
Division of Tax Collector:				
Other Expenses	2,015.04	2,015.04	1,237.00	778.04
Division of Tax Assessor:				
Other Expenses	6,977.06	6,977.06	-	6,977.06
DEPARTMENT OF PUBLIC SAFETY				
Police:				
Salaries and Wages	86,464.13	86,464.13	71,403.09	15,061.04
Other Expenses	26,063.00	26,063.00	14,264.30	11,798.70
Dispatchers				
Salaries and Wages	19,046.42	19,046.42	-	19,046.42
Other Expenses	700.00	700.00	-	700.00
Detective Bureau:				
Other Expenses	1,593.95	1,593.95	-	1,593.95
Bureau of Street Crossing Guards:				
Salaries and Wages	8,281.35	8,281.35	2,220.86	6,060.49
Other Expenses	195.45	195.45	-	195.45
DIVISION OF FIRE				
Fire Department:				
Other Expenses	2,301.99	2,301.99	2,156.61	145.38
Emergency Medical Services				
Other Expenses	1,824.96	1,824.96	1,769.22	55.74
UNIFORM CONSTRUCTION CODE				
Code Enforcement:				
Salaries and Wages	25,594.28	25,594.28	1,556.58	24,037.70
Other Expenses	2,285.83	2,285.83	100.00	2,185.83
Uniform Safety Act:				
Salaries and Wages	1,207.82	1,207.82	561.83	645.99
Other Expenses	1,983.42	1,983.42	30.00	1,953.42
DEPARTMENT OF ENGINEERING AND PUBLIC WORKS				
Division of Engineering:				
Other Expenses	20,527.75	20,527.75	19,136.42	1,391.33
Division of Streets and Roads:				
Salaries and Wages	16,971.16	16,971.16	16,971.16	-
Other Expenses	7,622.21	7,622.21	4,166.56	3,455.65

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance, December 31, 2015	Balance after Modifications	Paid or Charged	Lapsed
Division of Snow Removal:				
Salaries and Wages	8,168.49	8,168.49	-	8,168.49
Other Expenses	1,897.00	1,897.00	714.50	1,182.50
Division of Parking Meter Maintenance:				
Other Expenses	4,306.20	4,306.20	-	4,306.20
Division of Buildings and Grounds:				
Other Expenses	1,949.78	1,949.78	982.38	967.40
Municipal Garage:				
Salaries and Wages	7,900.27	7,900.27	3,475.86	4,424.41
Other Expenses	5,092.01	5,092.01	2,886.50	2,205.51
Sanitation:				
Contract	71,882.00	71,882.00	53,598.44	18,283.56
Landfill Solid Waste Disposal Fees	23,892.21	23,892.21	10,710.73	13,181.48
DEPARTMENT OF HEALTH AND WELFARE				
Division of Health:				
Salaries and Wages	527.18	527.18	130.32	396.86
Other Expenses	50,098.56	50,098.56	-	50,098.56
Dog Regulation	6,439.94	6,439.94	3,656.00	2,783.94
DEPARTMENT OF RECREATION PARKS AND PLAYGROUNDS				
Division of Recreation Parks and Playgrounds:				
Other Expenses	3,130.65	3,130.65	-	3,130.65
Historical Society:				
Other Expenses	374.00	374.00	-	374.00
MUNICIPAL PROSECUTOR				
Salaries and Wages	7,500.02	7,500.02	307.69	7,192.33
OTHER MUNICIPAL OPERATIONS				
MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D-1)				
Planning Board of Adjustment:				
Salaries and Wages	4,912.01	4,912.01	569.63	4,342.38
Other Expenses	11,778.08	11,778.08	2,142.00	9,636.08
Emergency Management Services:				
Salaries and Wages	216.47	216.47	148.20	68.27
Other Expenses	3,963.96	3,963.96	-	3,963.96
INSURANCES: N.J.S.A. 40A:4-45.3(00)				
Group Insurance Plan for Employees	92,880.13	92,880.13	5,587.73	87,292.40
Group Salary Insurance	27,500.00	27,500.00	-	27,500.00
Workers Compensation	84,732.98	84,732.98	-	84,732.98
Other Insurance - Liability Insurance	36,919.55	36,919.55	12,773.68	24,145.87
Disability Insurance	11,245.45	11,245.45	-	11,245.45
SENIOR CITIZENS				
Transportation of Senior Citizens:				
Other Expenses	2,500.00	2,500.00	800.00	1,700.00
MUNICIPAL COURT				
Salaries and Wages	10,645.18	10,645.18	2,562.24	8,082.94
Other Expenses	2,306.00	2,306.00	2,306.00	-
MUNICIPAL LIBRARY				
Salaries and Wages	554.32	554.32	437.53	116.79
Other Expenses	895.12	895.12	-	895.12
PUBLIC EMPLOYEES OCCUPATIONAL SAFETY AND HEALTH ACT				
Board of Health:				
Other Expenses	1,000.00	1,000.00	-	1,000.00

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance, December 31, <u>2015</u>	Balance after <u>Modifications</u>	Paid or <u>Charged</u>	<u>Lapsed</u>
UNIFORM CONSTRUCTION CODE APPROPRIATIONS				
OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)				
State Uniform Construction Code Officials:				
Salaries and Wages	3,128.94	3,128.94	2,419.97	708.97
Other Expenses	44.78	44.78	-	44.78
UNCLASSIFIED				
Utilities:				
Electricity	30,429.37	30,429.37	7,189.57	23,239.80
Street Lighting	10,611.66	10,611.66	8,435.42	2,176.24
Telephone	4,307.18	4,307.18	-	4,307.18
Natural Gas	12,018.08	12,018.08	3,226.58	8,791.50
Gasoline and Fuel Oil	74,076.86	74,076.86	-	74,076.86
Telecommunications Costs	1,599.56	1,599.56	1,175.92	423.64
Celebration of Public Events	1,691.58	1,691.58	-	1,691.58
CONTINGENT	69,877.00	69,877.00	69,874.49	2.51
Statutory Expenditures:				
Contribution To:				
Social Security System (O.A.S.I.)	22,414.70	22,414.70	19,041.27	3,373.43
911 Emergency Dispatch - Police				
Other Expenses	1,050.65	1,050.65	949.35	101.30
Superstorm Sandy				
Length of Service Award Program ("LOSAP")	4,050.00	4,050.00	4,050.00	-
Capital Improvement Fund	525,000.00	525,000.00	525,000.00	-
Total General Appropriations	<u>\$ 1,657,906.06</u>	<u>\$ 1,657,906.06</u>	<u>\$ 963,403.48</u>	<u>\$ 694,502.58</u>
2015 Appropriation Reserves		\$ 858,739.21		
Encumbrances Payable		<u>799,166.85</u>		
		<u>\$ 1,657,906.06</u>		
Cash Disbursements			\$ 407,136.24	
Transferred to Accounts Payable			<u>556,267.24</u>	
			<u>\$ 963,403.48</u>	

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015			\$ 151,269.37
Increased By:			
Transferred From Appropriation Reserves			<u>556,267.24</u>
			707,536.61
Decreased By:			
Cash Disbursements	34,496.03		
Cancelled	<u>2,172.00</u>		
			<u>36,668.03</u>
Balance, December 31, 2016			<u><u>\$ 670,868.58</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 799,166.85
Increased By:	
Transferred From Appropriation	<u>319,683.26</u>
	1,118,850.11
Decreased By:	
Transferred To Appropriation Reserves	<u>799,166.85</u>
Balance, December 31, 2016	<u><u>\$ 319,683.26</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF NOTES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Decrease</u>	<u>Balance December 31, 2016</u>
Special Emergency Note Payable	11/5/15	11/4/16	0.80%	\$ 260,330.67	\$ 260,330.67	\$ -
				<u>\$ 260,330.67</u>	<u>\$ 260,330.67</u>	<u>\$ -</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 142,130.68
Increased By:	
Collection of 2017 Taxes	<u>176,747.87</u>
	318,878.55
Decreased By:	
Applied To 2016 Taxes	<u>142,130.68</u>
Balance, December 31, 2016	<u><u>\$ 176,747.87</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PROPERTY TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
2016 Tax Overpayments	<u>44,772.56</u>
	44,772.56
Decreased By:	
Tax Overpayments Refunded	<u>44,519.24</u>
Balance, December 31, 2016	<u><u>\$ 253.32</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Levy Calendar Year 2016	<u>4,916,976.00</u>
	4,916,976.00
Decreased By:	
Cash Disbursed	<u>4,916,976.00</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$	-
Increased By:			
2016 Tax Levy:			
County Tax	\$ 1,348,156.81		
County Library Tax	92,577.46		
County Open Space Fund Tax	77,449.99		
County Health Tax	27,210.61		
Due County for Added and Omitted Taxes	<u>15,725.82</u>		
			<u>1,561,120.69</u>
			1,561,120.69
Decreased By:			
Cash Disbursements			<u>1,561,120.69</u>
Balance, December 31, 2016		\$	<u><u>-</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF OUTSIDE LIENS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Cash Receipts	<u>811,161.45</u>
	811,161.45
Decreased By:	
Cash Disbursements	<u>780,611.02</u>
Balance, December 31, 2016	<u><u>\$ 30,550.43</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 129,560.15
Decreased By:	
Cash Disbursements	<u>19,478.96</u>
Balance, December 31, 2016	<u><u>\$ 110,081.19</u></u>

BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance December 31, <u>2015</u>	Cash <u>Receipts</u>	<u>Decreased</u>	Balance December 31, <u>2016</u>
Marriage Licenses	<u>\$ 285.00</u>	<u>\$ 1,100.00</u>	<u>\$ 1,125.00</u>	<u>\$ 260.00</u>
	<u><u>\$ 285.00</u></u>	<u><u>\$ 1,100.00</u></u>	<u><u>\$ 1,125.00</u></u>	<u><u>\$ 260.00</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2016</u>
Revaluation	\$ 24,614.75	\$ -	\$ -	\$ 24,614.75
Tax Appeals	200,000.00	-	-	200,000.00
Hurricane Sandy - 2013	36,621.32	-	1,000.00	35,621.32
Hurricane Sandy - 2012	8,644.88	1,000.00	9,000.00	644.88
Employee Medical Contributions	<u>21,915.82</u>	<u>308,102.61</u>	<u>330,018.43</u>	<u>-</u>
	<u>\$ 291,796.77</u>	<u>\$ 309,102.61</u>	<u>\$ 340,018.43</u>	<u>\$ 260,880.95</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	Budget Revenue <u>Realized</u>	<u>Received</u>	Balance December 31, <u>2016</u>
State Programs				
Safe and Secure Grant	\$ -	\$ 60,000.00	\$ 54,000.00	\$ 6,000.00
Drunk Driving Enforcement Fund	-	2,300.79	2,300.79	-
Body Armor Grant	-	6,516.44	6,516.44	-
Clean Communities Grant	-	22,905.32	22,905.32	-
Post Sandy Planning Assistance	151,755.70	-	89,432.78	62,322.92
Monmouth County Workforce	34,681.41	-	-	34,681.41
Recycling Tonnage Grant	-	7,963.66	7,963.66	-
Strategic Recovery Plan	7,125.82	-	-	7,125.82
NJEDA - Neighborhood Comm Revitalization	-	1,335,258.00	556,663.82	778,594.18
FEMA - Hazard Mitigation Grant	-	303,303.00	-	303,303.00
Click It or Ticket	-	5,000.00	-	5,000.00
Drive Sober or Get Pulled Over	-	4,000.00	4,000.00	-
Saturation Traffic Safety	-	9,975.00	1,600.00	8,375.00
CDBG Essential Services Grant	214,712.12	-	214,712.12	-
Federal Programs				
Local Law Enforcement	-	0.19	0.19	-
	<u>\$408,275.05</u>	<u>\$ 1,757,222.40</u>	<u>\$ 960,095.12</u>	<u>\$1,205,402.33</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 7,537.56
Increased By:	
Transferred From Grants Appropriated	<u>30,009.45</u>
	37,547.01
Decreased By:	
Transferred To Grants Appropriated	<u>7,537.56</u>
Balance, December 31, 2016	<u><u>\$ 30,009.45</u></u>

BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM STATE OF NJ - CDBG NON FEDERAL COST SHARE
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015	\$ -
Increased By:	
Grant Award	<u>382,436.24</u>
	382,436.24
Decreased By:	
Cash Receipts	<u>6,256.05</u>
Balance, December 31, 2016	<u><u>\$ 376,180.19</u></u>

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TRUST FUND

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**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
SCHEDULE OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Animal Control <u>Fund</u>	Other <u>Trust Funds</u>
Balance, December 31, 2015	<u>\$ 4,339.86</u>	<u>\$ 1,767,493.24</u>
Increased By Receipts:		
Due To State of New Jersey	508.80	-
Dog License Fees	2,230.15	-
Various Reserves	<u>-</u>	<u>1,211,579.74</u>
	<u>2,738.95</u>	<u>1,211,579.74</u>
	<u>7,078.81</u>	<u>2,979,072.98</u>
Decreased By Disbursements:		
N.J. State Department of Health	508.80	-
Dog License Expenditures	655.00	-
Various Reserves	<u>-</u>	<u>1,016,026.93</u>
	<u>1,163.80</u>	<u>1,016,026.93</u>
Balance, December 31, 2016	<u><u>\$ 5,915.01</u></u>	<u><u>\$ 1,963,046.05</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
State Registration Fees	<u>508.80</u>
	508.80
Decreased By:	
Disbursed To State	<u>508.80</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 4,389.86
Increased By:		
License Fees Collected	\$ 2,217.80	
Interest	<u>12.35</u>	
		<u>2,230.15</u>
		6,620.01
Decreased By:		
Expenditures Per R.S. 4:19-15.11		<u>655.00</u>
Balance, December 31, 2016		<u><u>\$ 5,965.01</u></u>

License Fees Collected

2015	\$ 1,504.20
2014	<u>2,244.40</u>
	<u><u>\$ 3,748.60</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF RESERVE FOR VARIOUS TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2016</u>
Tax Sale Premiums	\$ 908,757.35	\$ 307,400.00	\$ 386,008.63	\$ 830,148.72
Omni Lease Deposit	175,669.18	42,838.59	63,250.15	155,257.62
Recycling	13,432.86	2,507.23	12,407.94	3,532.15
Recreation Activities and Programs	25,973.60	25,477.00	29,584.00	21,866.60
Library & Art Camp Fees	5,215.99	2,551.50	3,775.43	3,992.06
Tree Beautification	435.70	-	-	435.70
Public Defender Fees	276.34	3,870.00	4,073.01	73.33
Accumulated Absences	129,315.78	15,141.98	69,680.00	74,777.76
Parking Offenses Adjudication Act	34,927.90	3,284.00	1,522.00	36,689.90
Off Duty Police	9,734.89	274,506.88	258,247.50	25,994.27
Forfeiture Funds	4,035.26	55.25	500.00	3,590.51
Law Enforcement Trust	50,814.22	7,544.47	11,878.33	46,480.36
Unemployment Compensation				
Insurance	29,236.91	4,839.97	2,844.54	31,232.34
Escrow Deposits	123,808.28	375,510.26	121,838.10	377,480.44
Performance Bonds/Engineering				
Fees	21,037.21	-	-	21,037.21
Workers Compensation	22,506.70	10,025.50	22,704.00	9,828.20
Reserve for:				
Interest	345.52	137.21	-	482.73
Redevelopment	14,021.50	28.45	-	14,049.95
Storm Recovery	126,216.49	130,861.45	54,219.96	202,857.98
Fire Safety	9,642.00	5,000.00	-	14,642.00
Hurricane Sandy Relief	62,089.56	-	1,796.43	60,293.13
	<u>\$ 1,767,493.24</u>	<u>\$1,211,579.74</u>	<u>\$1,044,330.02</u>	<u>\$ 1,934,742.96</u>
		Cash Disbursements	\$1,016,026.93	
		Encumbrances Payable	28,303.09	
			<u>\$1,044,330.02</u>	

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF RESERVE FOR FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 355,392.86
Increased By:		
Borough Contributions	\$ 52,500.00	
Appreciation on Investments	<u>16,743.57</u>	<u>69,243.57</u>
		424,636.43
Decreased By:		
Withdrawals	52,104.15	
Accounting Charges	<u>1,942.73</u>	<u>54,046.88</u>
Balance, December 31, 2016		<u><u>\$ 370,589.55</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 355,392.86
Increased By:		
Borough Contributions	\$ 52,500.00	
Appreciation on Investments	<u>16,743.57</u>	<u>69,243.57</u>
		424,636.43
Decreased By:		
Withdrawals	52,104.15	
Accounting Charges	<u>1,942.73</u>	<u>54,046.88</u>
Balance, December 31, 2016		<u><u>\$ 370,589.55</u></u>

GENERAL CAPITAL FUND

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**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CASH AND INVESTMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		5,761,384.09
Increased By:		
Premium on BAN Sale	\$ 107,100.00	
Grants Receivable	165,000.00	
Bond Anticipation Notes	10,874,127.00	
Miscellaneous Reserves	654,144.50	
Due to Grant Fund	125,902.35	
		<u>11,926,273.85</u>
		17,687,657.94
Decreased By:		
Bond Anticipation Notes	9,745,209.00	
Interfund Advances	227,704.24	
Improvement Authorizations	589,282.08	
		<u>10,562,195.32</u>
Balance, December 31, 2016		<u>\$ 7,125,462.62</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF ANALYSIS OF GENERAL CAPITAL FUND CASH
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2016</u>
Capital Improvement Fund	\$ 578,103.96
State, Federal, Local Grants Receivable	(2,403,583.97)
Excess Financing - Bond Anticipation Note	548,646.13
Reserve for:	
Encumbrances	7,240,230.67
Interest on RCA Funds	29,018.16
Sewer Project - Boardwalk Restoration	50,000.00
Sandy Insurance Claims	578.00
Payment of Debt Service	15,381.00
Capital Repairs - Pump Station/Stormwater	150,000.00
Refunding Bonds - Cost of Issuance	22,598.73
Reserve for Receivable	46,250.00
Fund Balance	159,745.89

<u>Ordinance Number</u>	<u>Improvement Description</u>	
1062/1253/1371	RCA Holmdel Mt. Laurel Housing	\$ 49,715.08
1145	Removal of Underground Storage Tank	(18,632.33)
1184	Reconstruction of Twilight Avenue	(1,567.44)
1210/1272	Improvements - St. John's Park	(143,961.00)
1320	Improvements to Carr Avenue	45,887.63
1322	Improvements to Center, Raritan and Seabreeze	7,193.49
1325	Construction of Library and Recreation Fields	37,205.76
1352/1426	St. John's Park	80,740.60
1394	Improvements to Police Station	854.50
1432	Reconstruction and Improvements to Highland Blvd.	33,530.91
1448	Acquisition Fire Truck/Energy Efficient Devices	85,667.41
1467	Improvements to Storm Water System	655.61
1477	Improvements Main Street Business	1,108.03
1484	Improvements Highland Blvd./Center Ave.	32,955.80
1494	Improvements to Parks and Playgrounds	5,681.25
1510	Improvements to Main St. Business Area	5,768.85
1522	Terrace Place Vacinity Road Improvements	31,868.19
1523	Sinkhole Improvements	11,502.73
1524	Various Road Improvement	9,594.31
1525	Park Improvements	0.09
1526	Bulkhead Creek Rd/Laurel	3,309.32
1549	Outfall Extension - Beachway	16,761.61
1553/1574/1584	New Police Facility	128,266.44
1547	Acquisition of Property	37,948.00
1566	Shore/Woodland Ave Road Improvements	14,987.21
1568	Acquisition of Property	62,500.00
1586	Various Capital Improvements	148,952.00
		<u>\$ 7,125,462.62</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$	5,819,418.58
Decreased By:			
Serial Bonds Paid	\$	483,000.00	
Serial Bonds Cancelled - Refunded		92,000.00	
M.C.I.A. Leases Paid		28,000.00	
N.J.E.I.T. Loan Paid		187,901.02	
Green Trust Loan Paid		58,733.71	
			<u>849,634.73</u>
Balance, December 31, 2016		\$	<u><u>4,969,783.85</u></u>
			<u>Analysis of Balance</u>
Funded		\$	4,879,783.85
Funded - Leases			<u>90,000.00</u>
		\$	<u><u>4,969,783.85</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Improvement Description	Balance December 31, 2015	Payments of BAN's	Balance December 31, 2016	Bond Anticipation Notes	Excess Financing	Expenditures	Unexpended Improvement Authorizations
1145	Removal of Underground Storage Tanks	\$ 25,000.00	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 18,632.33	\$ 6,367.67
1184	Reconstruction of Twilight Ave.	10,760.00	-	10,760.00	-	-	1,567.44	9,192.56
1210/1272	Improvements - St. John's Park	143,961.00	-	143,961.00	-	-	143,961.00	-
1448	Acquisition Fire Truck/Energy Efficient Devices	48,554.00	2,863.00	45,691.00	45,691.00	-	-	-
1477	Improvements Main Street Business	379,013.00	14,578.00	364,435.00	364,435.00	-	-	-
1484	Improvements Highland Blvd./Center Ave.	228,945.00	13,159.00	215,786.00	215,786.00	-	-	-
1494	Improvements to Parks and Playgrounds	98,618.00	3,794.00	94,824.00	94,824.00	-	-	-
1508	Improvements to Various Roads-Raritan, Oak	341,825.87	20,000.00	321,825.87	340,000.00	(18,174.13)	-	-
1510	Improvements to Main St. Business Area	241,379.00	8,621.00	232,758.00	232,758.00	-	-	-
1522	Terrace Place Vacinity Road Improvements	253,290.00	6,495.00	246,795.00	246,795.00	-	-	-
1523	Sinkhole Improvements	31,911.00	3,546.00	28,365.00	28,365.00	-	-	-
1524	Various Road Improvement	1,710,000.00	43,847.00	1,666,153.00	1,666,153.00	-	-	-
1525	Park Improvements	120,000.00	6,897.00	113,103.00	193,103.00	(80,000.00)	-	-
1526	Bulkhead Creek Rd/Laurel	362,778.00	22,604.00	340,174.00	632,896.00	(292,722.00)	-	-
1549	Outfall Extension - Beachway	418,000.00	-	418,000.00	418,000.00	-	-	-
1550	Raritan Avenue Drainage	421,250.00	-	421,250.00	560,000.00	(138,750.00)	-	-
1553/1574/1584	New Police Facility	5,035,000.00	-	5,035,000.00	5,034,999.00	-	1.00	-
1566	Shore/Woodland Ave Road Improvements	730,322.00	-	730,322.00	730,322.00	-	-	-
1568	Acquisition of Property	51,000.00	-	51,000.00	70,000.00	(19,000.00)	-	-
		<u>\$ 10,651,606.87</u>	<u>\$ 146,404.00</u>	<u>\$ 10,505,202.87</u>	<u>\$ 10,874,127.00</u>	<u>\$ (548,646.13)</u>	<u>\$ 164,161.77</u>	<u>\$ 15,560.23</u>
		Improvement Authorizations - Unfunded						
		Less: Unexpended Proceeds of Bond Anticipation Notes - Issued:						
		1448						
		1477						
		1484						
		1494						
		1510						
		1522						
		1523						
		1524						
		1525						
		1526						
		1549						
		1553/1574						
		\$ 310,931.85						
		48,554.00						
		1,108.03						
		32,955.80						
		5,681.25						
		5,768.85						
		31,868.19						
		11,502.73						
		9,594.31						
		0.09						
		3,309.32						
		16,761.61						
		128,267.44						
		<u>\$ 15,560.23</u>						

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF STATE, FEDERAL, AND LOCAL GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 921,109.97
Increased By:	
Grant Awards	<u>1,647,474.00</u>
	2,568,583.97
Decreased By:	
Cash Receipts	<u>165,000.00</u>
Balance, December 31, 2016	<u><u>\$ 2,403,583.97</u></u>

<u>Analysis of Balance</u>	<u>Ordinance Number</u>	
D.O.T. Grant:		
Waterfront Bicycle & Pedestrian Corridor	1346	\$ 53,359.87
Improvements to Parks and Playgrounds	1494	80,000.00
Raritan Ave Drainage	1550	46,250.00
Road Improvements	1566	55,000.00
CDBG - Improvement Main St. Businesses	1477	122,822.10
FEMA:		
Road Improvements	1566	143,428.00
New Police Facility	1584	1,647,474.00
Monmouth County:		
Park Improvements	1525	80,000.00
Road Improvements	1566	156,250.00
Property Acquisition	1568	<u>19,000.00</u>
		<u><u>\$ 2,403,583.97</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBERANCES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 374,993.74
Increased By:	
Transferred From Improvement Authorizations	<u>7,240,230.67</u>
	7,615,224.41
Decreased By:	
Transferred To Improvement Authorizations	<u>374,993.74</u>
Balance, December 31, 2016	<u><u>\$ 7,240,230.67</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Purpose	Date of Issue	Original Issue	Outstanding December 31, 2016		Interest Rate	Balance December 31, 2015	Increase	Decreased	Refunded	Balance December 31, 2016
			Date	Amount						
General Obligation Bonds	12/04/08	\$ 4,170,000.00	12/01/17	328,000.00	4.00%	\$ 3,111,000.00	\$ -	\$ 308,000.00	\$ 2,127,000.00	\$ 676,000.00
			12/01/18	348,000.00	5.25%					
Refunding Bonds	03/02/16	2,035,000.00	12/01/19	355,000.00	4.00%	-	2,035,000.00	15,000.00	-	2,020,000.00
			12/01/20	375,000.00	5.00%					
			12/01/21	400,000.00	5.00%					
			12/01/22	430,000.00	5.00%					
			12/01/23	460,000.00	5.00%					
Refunding Bonds	11/08/12	1,690,000.00	12/01/17	160,000.00	3.000%	1,345,000.00	-	160,000.00	-	1,185,000.00
			12/01/18	155,000.00	3.000%					
			12/01/19	155,000.00	3.500%					
			12/01/20-21*	150,000.00	2.000%					
			12/01/22*	145,000.00	2.375%					
			12/01/23*	140,000.00	2.375%					
			12/01/24*	130,000.00	2.375%					
* Term Bonds					\$ 4,456,000.00	\$ 2,035,000.00	\$ 483,000.00	\$ 2,127,000.00	\$ 3,881,000.00	

* Term Bonds

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2015	Increase	Decrease	Balance December 31, 2016
1448	Acquisition Fire Truck/Energy Efficient Devices	6/30/2010	6/25/2016	6/23/2017	1.00%	\$ 48,554.00	\$ 45,691.00	\$ 48,554.00	\$ 45,691.00
1477	Improvements Main Street Business	6/30/2010	6/25/2016	6/23/2017	1.00%	379,013.00	364,435.00	379,013.00	364,435.00
1484	Improvements Highland Blvd./Center Ave.	6/30/2010	6/25/2016	6/23/2017	1.00%	63,156.00	59,208.00	63,156.00	59,208.00
1494	Improvements to Parks and Playgrounds	6/30/2010	6/25/2016	6/23/2017	1.00%	98,618.00	94,824.00	98,618.00	94,824.00
1510	Improvements to Main Street	6/27/2012	6/25/2016	6/23/2017	1.00%	241,379.00	232,758.00	241,379.00	232,758.00
1508	Improvements to Various Roads	6/27/2012	6/25/2016	6/23/2017	1.00%	360,000.00	340,000.00	360,000.00	340,000.00
1484	Improvements Highland Blvd./Center Ave.	6/27/2012	6/25/2016	6/23/2017	1.00%	165,789.00	156,578.00	165,789.00	156,578.00
1522	Terrace Place Vacinity Road Improvements	6/26/2013	6/25/2016	6/23/2017	1.00%	253,290.00	246,795.00	253,290.00	246,795.00
1523	Sinkhole Improvements	6/26/2013	6/25/2016	6/23/2017	1.00%	31,911.00	28,365.00	31,911.00	28,365.00
1524	Improvements to Various Roads	6/26/2013	6/25/2016	6/23/2017	1.00%	1,710,000.00	1,666,153.00	1,710,000.00	1,666,153.00
1525	Park Improvements	6/26/2013	6/25/2016	6/23/2017	1.00%	200,000.00	193,103.00	200,000.00	193,103.00
1526	Bulkhead Creek Rd/Laurel	6/26/2013	6/25/2016	6/23/2017	1.00%	655,500.00	632,896.00	655,500.00	632,896.00
1549	Drainage Outfall Pipes	6/24/2015	6/25/2016	6/23/2017	1.00%	418,000.00	418,000.00	418,000.00	418,000.00
1550	Rarian Ave Drainage	6/24/2015	6/25/2016	6/23/2017	1.00%	560,000.00	560,000.00	560,000.00	560,000.00
1553/1574/1584	New Police Facility	6/24/2015	6/25/2016	6/23/2017	1.00%	4,559,999.00	5,034,999.00	4,559,999.00	5,034,999.00
1566	Improvements to Shore Blvd/Woodland Ave	6/24/2016	6/25/2016	6/23/2017	1.00%	-	730,322.00	-	730,322.00
1568	Acquisition of Real Property	6/24/2016	6/25/2016	6/23/2017	1.00%	-	70,000.00	-	70,000.00
						<u>\$ 9,745,209.00</u>	<u>\$10,874,127.00</u>	<u>\$ 9,745,209.00</u>	<u>\$ 10,874,127.00</u>

BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF MCIA EQUIPMENT LEASE PURCHASE OBLIGATIONS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Purpose</u>	<u>Original Issue</u>	<u>Outstanding</u> <u>December 31, 2016</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>December 31,</u> <u>2015</u>	<u>Decreased</u>	<u>Balance</u> <u>December 31,</u> <u>2016</u>
		<u>Date</u>	<u>Amount</u>				
2009 Series	503,000.00	10/01/17	29,000.00	4.25%	118,000.00	28,000.00	90,000.00
		10/01/18	30,000.00	4.25%			
		10/01/19	31,000.00	4.25%			
					<u>\$ 118,000.00</u>	<u>\$ 28,000.00</u>	<u>\$ 90,000.00</u>

BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL LOAN PAYABLE - NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Project Description</u>	<u>Drawdown Date</u>	<u>Amount of Loan</u>	<u>Calendar Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Balance December 31, 2015</u>	<u>Decreased</u>	<u>Balance December 31, 2016</u>
Drainage Improvements	10/15/01	\$ 2,910,000.00	2017	\$ 174,640.22	\$ 22,575.00	\$ 896,568.59	\$ 169,560.30	\$ 727,008.29
			2018	179,487.99	17,325.00			
			2019	184,175.91	11,812.50			
			2020	188,704.17	6,037.50			
Drainage Improvements	10/15/01	276,422.00	2017	\$ 18,018.68	\$ 2,450.00	105,230.07	18,340.72	86,889.35
			2018	17,696.64	1,950.00			
			2019	17,374.61	1,450.00			
			2020	17,052.57	950.00			
			2021	16,746.85	475.00			
						<u>\$ 1,001,798.66</u>	<u>\$187,901.02</u>	<u>\$ 813,897.64</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL LOAN PAYABLE - GREEN ACRES LOAN
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 243,619.92
Decreased By:	
Paid By Current Fund	<u>58,733.71</u>
Balance, December 31, 2016	<u><u>\$ 184,886.21</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Improvement Description	Ordinance		Balance December 31, 2015		2016 Authorizations	Expended	Cancelled Payables	Balance December 31, 2016		
		Date	Amount	Funded	Unfunded				Funded	Unfunded	
1371	RCA Holmdel Mt. Laurel Housing	03/09/05	\$ 169,788.79	\$ 49,715.08	\$ -	\$ -	\$ -	\$ -	\$ 49,715.08	\$ -	
1145	Removal of Underground Storage Tank	08/31/93	75,000.00	-	6,367.67	-	-	-	-	6,367.67	
1184	Reconstruction of Twilight Avenue	06/20/95	560,000.00	-	9,192.56	-	-	-	-	9,192.56	
1320	Improvements to Carr Avenue	01/22/02	410,000.00	45,887.63	-	-	-	-	45,887.63	-	
1322	Improvements to Center, Raritan and Seabreeze	02/12/02	750,000.00	87,430.71	-	-	80,237.22	-	7,193.49	-	
1324	Demolition of Buildings	06/06/02	68,250.00	16,326.50	-	-	16,326.50	-	-	-	
1325	Construction of Library and Recreation Fields	06/06/02	1,800,000.00	48,502.76	-	-	11,297.00	-	37,205.76	-	
1382	Raritan Avenue Reconstruction	08/24/05	175,000.00	-	-	-	-	-	-	-	
1352/1426	St. John's Park	11/13/03	201,106.00	80,740.60	-	-	-	-	80,740.60	-	
1394	Improvements to Police Station	09/28/05	75,000.00	854.50	-	-	-	-	854.50	-	
1428	Various Improvements & Equipment - Boro Hall	SFY 2008	22,000.00	-	-	-	-	-	-	-	
1432	Reconstruction & Improvements to Highland Blvd.	SFY 2008	310,000.00	33,530.91	-	-	-	-	33,530.91	-	
1433/1455	Reconstruction & Improvements to Various Roads	SFY 2008	600,000.00	-	-	-	-	-	-	-	
1434	Various Capital Improvements	SFY 2008	200,000.00	-	-	-	-	-	-	-	
1448	Acquisition Fire Truck/Energy Efficient Devices	SFY 2008	625,000.00	37,113.41	48,554.00	-	-	-	37,113.41	48,554.00	
1467	Improvements to Storm Water System	SFY 2009	585,000.00	3,323.51	-	-	2,667.90	-	655.61	-	
1477	Improvements Main Street Business	SFY 2009	795,000.00	-	1,108.03	-	-	-	-	1,108.03	
1484	Improvements Highland Blvd./Center Ave.	TY 2009	425,000.00	-	32,955.80	-	-	-	-	32,955.80	
1494	Improvements to Parks and Playgrounds	03/24/10	190,000.00	-	5,681.25	-	-	-	-	5,681.25	
1510	Improvements to Main St. Business Area	08/24/11	410,000.00	-	738.85	-	-	5,030.00	-	5,768.85	
1522	Terrace Place Vacinity Road Improvements	06/13/12	640,000.00	-	68,528.19	-	36,660.00	-	-	31,868.19	
1523	Sinkhole Improvements	07/25/12	90,000.00	-	29,911.32	-	18,408.59	-	-	11,502.73	
1524	Various Road Improvement	07/25/12	1,800,000.00	-	9,594.31	-	-	-	-	9,594.31	
1525	Park Improvements	07/25/12	200,000.00	-	0.09	-	-	-	-	0.09	
1526	Bulkhead Creek Rd/Laurel	08/22/12	690,000.00	-	3,309.32	-	-	-	-	3,309.32	
1549	Outfall Extension - Beachway	03/26/14	440,000.00	-	51,271.86	-	34,510.25	-	-	16,761.61	
1550	Raritan Avenue Drainage	04/23/14	560,000.00	-	29,932.92	-	29,932.92	-	-	-	
1553/1574/1584	New Police Facility	06/25/14	6,947,474.00	-	4,693,889.23	1,647,474.00	6,213,095.79	-	-	128,267.44	
1547	Acquisition of Property	02/26/14	347,000.00	40,763.00	-	-	2,815.00	-	37,948.00	-	
1566	Shore/Woodland Ave Road Improvements	06/24/15	1,250,000.00	309,678.79	730,322.00	-	1,025,013.58	-	14,987.21	-	
1568	Acquisition of Property	09/23/15	70,000.00	19,000.00	51,000.00	-	7,500.00	-	62,500.00	-	
1586	Various Capital Improvements	12/14/16	500,000.00	-	-	500,000.00	351,048.00	-	148,952.00	-	
				\$ 772,867.40	\$ 5,772,357.40	\$ 2,147,474.00	\$ 7,829,512.75	\$ 5,030.00	\$ 557,284.20	\$ 310,931.85	
										</	

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2016</u>
Reserve for:				
Capital Improvement Fund	\$ 578,103.96	\$ 500,000.00	\$ 500,000.00	\$ 578,103.96
Interest on RCA Funds	29,018.16	-	-	29,018.16
Sewer Project - Boardwalk Restoration	50,000.00	-	-	50,000.00
Sandy Insurance Claims	578.00	-	-	578.00
Payment of Debt Service	15,381.00	-	-	15,381.00
Capital Repairs - Pump Station/Stormwater	-	150,000.00	-	150,000.00
Refunding Bonds - Cost of Issuance	22,598.73	-	-	22,598.73
	<u>\$ 695,679.85</u>	<u>\$ 650,000.00</u>	<u>\$ 500,000.00</u>	<u>\$ 845,679.85</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, 2015	Improvement Authorizations	BAN's Issued	Balance December 31, 2016
1145	Removal of Underground Storage Tank	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00
1184	Reconstruction of Twilight Avenue	10,760.00	-	-	10,760.00
1210	Improvements - St. John's Park	143,961.00	-	-	143,961.00
1553/1574	New Police Facility	475,001.00	-	475,000.00	1.00
1566	Shore/Woodland Ave Road Improvements	730,322.00	-	730,322.00	-
1568	Acquisition of Property	51,000.00	-	51,000.00	-
		<u>\$ 1,436,044.00</u>	<u>\$ -</u>	<u>\$ 1,256,322.00</u>	<u>\$ 179,722.00</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
DUE FROM GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 125,902.35
Decreased By:	
Cash Receipts	<u>125,902.35</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

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WATER AND SEWER UTILITY FUND

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**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY FUND
SCHEDULE OF CASH AND INVESTMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Operating	Capital
Balance, December 31, 2015	\$ 1,270,804.16	\$ 199,974.44
Increased By Receipts:		
Consumer Accounts Receivable	\$ 4,598,027.91	\$ -
Non-Budget Revenue	63,100.90	-
Prepaid Rents	51,132.52	-
Municipal Liens	769.90	-
Bond Anticipation Notes	-	1,140,000.00
Interfunds Returned	-	34,743.98
	<u>4,713,031.23</u>	<u>1,174,743.98</u>
	5,983,835.39	1,374,718.42
Decreased By Disbursements:		
2016 Budget Appropriations	4,622,903.47	-
2015 Appropriation Reserves	83,647.01	-
Improvement Authorizations	-	962,649.85
Accounts Payable	7,374.25	-
Interfunds Advanced	<u>28,350.62</u>	<u>-</u>
	<u>4,742,275.35</u>	<u>962,649.85</u>
Balance, December 31, 2016	<u>\$ 1,241,560.04</u>	<u>\$ 412,068.57</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF ANALYSIS OF WATER AND SEWER UTILITY CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2016**

		Balance December 31, <u>2016</u>
Excess Financing - Bond Anticipation Note		\$ 15,000.00
Capital Improvement Fund		167,000.00
Encumbrances Payable		120,885.62
Fund Balance		16,964.11
Ordinance		
<u>Number</u>	<u>Improvement Authorizations</u>	
1441/1466	Design Desalination System Water Plant	8,897.00
1513	Design Desalination System Water Plant	6,237.91
1565	Various Water/Sewer Improvements	77,083.93
		<hr/>
		<u>\$ 412,068.57</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 & 2015

\$ 250.00

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015			\$ 201,348.82
Increased By:			
Rents Levied			<u>4,627,554.63</u>
			4,828,903.45
Decreased By:			
Collections	\$ 4,598,027.91		
Prepaid Applied	12,609.38		
Transfer from Municipal Liens	<u>43,838.11</u>		
			<u>4,654,475.40</u>
Balance, December 31, 2016			<u><u>\$ 174,428.05</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF DEPOSIT WITH BAYSHORE REGIONAL SEWERAGE AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 & 2015

\$ 302,834.97

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Account</u>	<u>Balance December 31, 2016 & 2015</u>
Acquired from KMUA:	
Phase I Construction	\$ 5,443,148.00
Phase II Construction	404,547.00
Phase III Construction	9,801,025.00
Phase IV Construction	6,653,481.00
Additional Construction	106,787.00
Office Renovations	28,369.00
Equipment	102,237.00
Engineering and Inspection	145,020.83
Vehicles	67,190.00
Office Annex	211,219.00
Pump	13,590.00
95 Construction	1,097,337.00
Improvements to Well #3	148,000.00
Improvements to Well #5	100,000.00
	<u>\$ 24,321,950.83</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2016</u>
N/A	Acquired from KMUA Improvements	\$ 3,660.00
1441/1466/	Design Desalination System	
1493	Water Plant	3,125,000.00
1513	Desalinization System Water Plant	400,000.00
1565	Various Water/Sewer Improvements	<u>1,200,000.00</u>
		<u><u>\$ 4,728,660.00</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, 2015	Encumbrances	Balance After Modifications	Paid or Charged	Lapsed
Operating:					
Other Expenses	\$ 113,935.38	\$ 93,262.02	\$ 207,197.40	\$ 83,647.01	\$ 123,550.39
Total Operating	113,935.38	93,262.02	207,197.40	83,647.01	123,550.39
Statutory Expenditures:					
Social Security System (O.A.S.I.)	4,237.29	-	4,237.29	-	4,237.29
Total Statutory Expenditures	4,237.29	-	4,237.29	-	4,237.29
Total Sewer Utility Fund Appropriations	\$ 118,172.67	\$ 93,262.02	\$ 211,434.69	\$ 83,647.01	\$ 127,787.68

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF PREPAID RENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 12,609.38
Increased By:	
Cash Receipts	<u>51,132.52</u>
	63,741.90
Decreased By:	
Applied to Current Year Rents	<u>12,609.38</u>
Balance, December 31, 2016	<u><u>\$ 51,132.52</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 93,262.02
Increased By:	
Appropriations	<u>327,745.24</u>
	421,007.26
Decreased By:	
Transferred to Appropriation Reserves	<u>93,262.02</u>
Balance, December 31, 2016	<u><u>\$ 327,745.24</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF WATER AND SEWER RENTS OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 6,738.87
Increased By:	
Cash Receipts	<u>4,668.59</u>
Balance, December 31, 2016	<u><u>\$ 11,407.46</u></u>

BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF DUE FROM WATER AND SEWER UTILITY CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015	\$ -
Increased By:	
Cash Receipts	<u>11,659.00</u>
	11,659.00
Decreased By:	
Due to Water/Sewer Operating Fund	<u>11,659.00</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 25,784.39
Increased By:	
Budget Appropriations	<u>14,139.46</u>
Balance, December 31, 2016	<u><u>\$ 39,923.85</u></u>

Analysis of Balance - December 31, 2016

	Outstanding December 31, 2016	Interest Rate	From	To	Period	Amount
<u>Note:</u>						
	\$ 2,024,492.00	2.00%	06/22/16	12/31/16	188 days	<u>\$ 21,144.69</u>
<u>N.J.E.I.T. Loan:</u>						
	\$ 490,000.00	5.00%	08/01/16	12/31/16	5 months	<u>10,208.33</u>
<u>Serial Bonds:</u>						
2011 Refunding Pooled Loan Bonds						
	\$ 138,000.00	5.00%	12/01/16	12/31/16	30 days	575.00
Various Improvements - Bonds of 2008:						
	\$ 33,000.00	5.00%	12/01/16	12/31/16	30 days	825.00
2012 Refunding						
	\$ 2,710,000.00	3.00%	12/01/16	12/31/16	30 days	6,775.00
2016 Refunding Bonds						
	\$ 95,000.00	5.00%	12/01/16	12/31/16	30 days	<u>395.83</u>
						<u>8,570.83</u>
						<u><u>\$ 39,923.85</u></u>

BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Purpose	Date of Issue	Original Issue	Outstanding December 31, 2016		Interest Rate	Balance December 31, 2015	Increased	Decreased	Refunded	Balance December 31, 2016
			Date	Amount						
General Obligation Bonds Series 2008	12/04/08	\$ 242,000.00	12/01/17	\$ 16,000.00	4.00%	\$ 149,000.00	\$ -	\$ 16,000.00	\$ 100,000.00	\$ 33,000.00
			12/01/18	17,000.00	5.25%					
2011 Refunding of Pooled Loan Program Bonds	03/30/11	846,000.00	12/01/17	67,000.00	4.00%	201,000.00	-	63,000.00	-	138,000.00
			12/01/18	71,000.00	4.00%					
2012 Refunding of General Obligation Refunding Bonds Series 2002	11/08/12	5,930,000.00	12/01/17	875,000.00	3.00%	3,555,000.00	-	845,000.00	-	2,710,000.00
			12/01/18	905,000.00	3.00%					
			12/01/19	930,000.00	3.50%					
2016 Refunding of General Obligation Bonds Series 2008	03/02/16	95,000.00	12/01/19	15,000.00	4.00%	-	95,000.00	-	-	95,000.00
			12/01/20	20,000.00	5.00%					
			12/01/21	20,000.00	5.00%					
			12/01/22	20,000.00	5.00%					
			12/01/23	20,000.00	5.00%					
						<u>\$ 3,905,000.00</u>	<u>\$ 95,000.00</u>	<u>\$ 924,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 2,976,000.00</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 2016</u>
1493	Design Desalination System Water Plant	06/30/10	06/22/16	2.00%	\$ 501,215.00	\$ 494,620.00	\$ 501,215.00	\$ 494,620.00
1513	Desalination System Water Plant	06/27/12	06/22/16	2.00%	394,936.00	389,872.00	394,936.00	389,872.00
1565	Various Water & Sewer Improvements	06/22/16	06/22/16	2.00%	-	1,140,000.00	-	1,140,000.00
					<u>\$ 896,151.00</u>	<u>\$ 2,024,492.00</u>	<u>\$ 896,151.00</u>	<u>\$ 2,024,492.00</u>

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**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 7,374.25
Increased By:	
Unexpended Prior Year Encumbrances	<u>1,809.85</u>
	9,184.10
Decreased By:	
Cash Disbursements	<u>7,374.25</u>
Balance, December 31, 2016	<u><u>\$ 1,809.85</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Amount</u>	<u>Balance, December 31, 2015</u>		<u>Expended</u>	<u>Balance, December 31, 2016</u>	
			<u>Funded</u>	<u>Unfunded</u>		<u>Funded</u>	<u>Unfunded</u>
1441/1466/ 1493	Design Desalination System Water Plant	\$ 3,125,000.00	\$ -	\$ 8,897.00	\$ -	\$ -	\$ 8,897.00
1513	Desalinization System Water Plant	400,000.00	-	6,237.91	-	-	6,237.91
1565	Various Water/Sewer Improvements	1,200,000.00	-	1,039,733.78	962,649.85	77,083.93	-
			<u>\$ -</u>	<u>\$ 1,054,868.69</u>	<u>\$ 962,649.85</u>	<u>\$ 77,083.93</u>	<u>\$ 15,134.91</u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015			\$ 22,134,528.56
Increased By:			
Bonds Paid By Operating Budget	\$	924,000.00	
Bonds Cancelled - Refunding		5,000.00	
Notes Paid By Operating Budget		11,659.00	
Loans Paid By Operating Budget		<u>63,305.07</u>	
			<u>1,003,964.07</u>
Balance, December 31, 2016			<u><u>\$ 23,138,492.63</u></u>

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 & 2015

\$ 3,660.00

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 & 2015

\$ 167,000.00

**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF MUNICIPAL LIENS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 4,933.85
Increased By:		
Transfers from Water/Sewer Rents	\$ 43,838.11	
Penalites and Costs	<u>11,930.86</u>	
		<u>55,768.97</u>
		60,702.82
Decreased By:		
Cancellations		<u>769.90</u>
Balance, December 31, 2016		<u><u>\$ 59,932.92</u></u>

BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, 2015	BAN's Issued	Balance December 31, 2016
1565	Various Water/Sewer Improvements	\$ 1,140,000.00	\$ 1,140,000.00	\$ -
		<u>\$ 1,140,000.00</u>	<u>\$ 1,140,000.00</u>	<u>\$ -</u>

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GENERAL FIXED ASSETS ACCOUNT GROUP

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**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	<u>Additions</u>	Balance December 31, <u>2016</u>
Land	\$ 4,996,600.00	\$ -	\$ 4,996,600.00
Buildings	6,174,512.00	-	6,174,512.00
Improvements	6,117,000.00	-	6,117,000.00
Machinery and Equipment	<u>5,777,193.35</u>	<u>103,992.08</u>	<u>5,881,185.43</u>
	<u>\$ 23,065,305.35</u>	<u>\$ 103,992.08</u>	<u>\$ 23,169,297.43</u>

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COMMENTS

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The Honorable Mayor and Members of the
Borough Council
Borough of Keansburg
Keansburg, New Jersey 07734

We have audited the financial statements – statutory basis of the Borough of Keansburg in the County of Monmouth for the year ended December 31, 2016.

Scope of Audit

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

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

The accrued and realized revenues for the various Borough Departments as shown on the Statements of Revenue and Revenue Accounts Receivable are presented as recorded in the Borough records.

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000 for the period of January 1, 2016 to December 31, 2016, except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year.

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

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

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Purchases were made through the State Division of Purchases and Property and were approved by resolution of the Borough Council.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$6,000 for the period of January 1, 2016 to December 31, 2016, thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, as amended, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 27, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“BE IT RESOLVED that the rate of interest to be charged for the nonpayment of taxes and water/sewer rents on the date when they become delinquent is hereby fixed as eight (8%) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18%) percent per annum on any amount in excess of One

Collection of Interest on Delinquent Taxes and Assessments (continued):

Thousand Five Hundred Dollars (\$1,500.00). The same to be calculated from the date of actual payment; provided, however, that no interest be charged if payment is made with ten (10) days after the date upon which same became payable.”

The Borough also charges an additional 6% penalty on delinquencies in excess of \$10,000 at the end of the calendar year.

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

Tax Collector's Annual Report

N.J.S.54:4-91 requires that on or before May 1st of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed in 2016 with the governing body.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2016 included real estate taxes for 2016.

The last tax sale was held on December 6, 2016 and was complete.

Inspection of 2016 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:

YEAR	NUMBER OF LIENS
2016	32
2015	28
2014	39

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get properties back on a taxpaying basis.

Deductions From Taxes

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Deposit of Funds Paid to Local Unit

N.J.S.40A:5-15 States:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall within 48 hours after the receipt thereof, either;

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or;
- b. be deposited to the credit of the local unit in its designated legal depository.”

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of Borough employees, also, the examination ascertained that the accumulated withholdings were distributed to the proper agencies.

Municipal Court

A separate report for the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

As part of the test of the municipal court records, no attempt was made to differentiate between fines due the Borough, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

A test sample was selected of twenty (25) traffic and criminal cases processed through the system. The purpose of the test was to determine that traffic fines were levied in accordance with State Statutes, that payments were deposited intact and on a timely basis, that dispositions were entered in traffic and criminal dockets, closure procedures for delinquent traffic tickets were enforced and that proper procedures were in effect for defendants paying on a the partial payment system. This test disclosed no discrepancies regarding fines being properly levied, entering of dispositions and closure procedures.

The computer software does not allow for a posting distribution in the cash receipts journal when a transaction involves both a check and cash payment being made by the defendant. The computer system requires this particular type of transaction be posted as either entirely cash or check. As a result of this limitation no test can be conducted to determine if the receipt detail batch totals from the journal agree with the detail of cash and checks deposited for that particular day.

A review of the partial payment system indicated that collection procedures are being enforced to collect delinquent balances.

Follow-up on Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. No prior year findings were noted.

Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Robert W. Allison
Registered Municipal Accountant
No. CR483

Freehold, New Jersey
June 20, 2017

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**BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
COMMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Officials in Office and Surety Bonds

<u>Name of Official</u>	<u>Title</u>
George F. Hoff	Mayor
Thomas Foley	Deputy Mayor
James Cocuzza, Sr.	Councilperson
Arthur Boden	Councilperson
Sean Tonne	Councilperson
Raymond O'Hare	Borough Manager
Patrick DeBlasio	Chief Financial Officer
Thomas Cusick	Borough Clerk/Tax Collector
John O. Bennett, III, Esq.	Borough Attorney
Sharon Devaney	Court Administrator
James Falco	Deperatment of Public Works Supervisor
Steve Ussman	Water and Sewer Depratment Supervisor

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