

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY  
YEARS ENDED DECEMBER 31, 2012 AND 2011

FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
with  
INDEPENDENT AUDITOR'S REPORTS  
and  
COMMENTS AND RECOMMENDATIONS

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

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COUNTY OF MONMOUTH, NEW JERSEY

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying comparative balance sheets--regulatory basis of the various funds and account groups of the Borough of Keansburg, County of Monmouth, State of New Jersey as of December 31, 2012 and 2011, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related comparative statements of revenues--regulatory basis, statement of expenditures--regulatory basis, the statement of general fixed assets group of accounts, and the related notes to the financial statements for the year ended December 31, 2012.

### **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; this includes 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. 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 U.S. Generally Accepted Accounting Principles**

As discussed in Note 1 to the financial statements, the Borough prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the effects of the matters, as discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Keansburg, County of Monmouth, State of New Jersey, as of December 31, 2012, or the results of its operations or its cash flows for the year then ended.

### **Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")**

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements. The LOSAP financial activities are included in the Borough's Trust Fund, and represent 26.06% and 24.78% of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2012 and 2011.

### **Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")**

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements, we do not express an opinion of the LOSAP financial statements.

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

Furthermore, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, the financial statements referred to above present fairly, in all material respects, the balance sheets – regulatory basis of the various funds and account groups of the Borough of Keansburg, County of Monmouth, State of New Jersey, as of December 31, 2012 and 2011, and the results of its operations and changes in fund balance of such funds – regulatory basis for the years then ended, and the revenues – regulatory basis, expenditures – regulatory basis of the various funds and account groups for the year ended December 31, 2012 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 made for the purpose of forming an opinion 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. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also 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 July 9, 2013, 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

July 9, 2013  
Freehold, New Jersey



## FINANCIAL STATEMENTS

CURRENT FUND

EXHIBITS



BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

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

Year ended December 31, 2012 and 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 375,000.00	\$ 150,000.00
Miscellaneous Revenues Anticipated	A-2	3,575,692.37	3,611,322.32
Receipts From Delinquent Taxes	A-2	573,154.13	679,936.95
Receipts From Current Taxes	A-2,4-A	16,238,375.26	16,196,744.66
Non-Budget Revenue	A-2,1-A	177,030.48	285,962.87
Other Credit To Income:			
Interfunds Returned:			
State and Federal Grant Fund	A-1		10,000.00
Unexpended Balance of Appropriation Reserves	11-A	520,441.16	211,841.57
Cancellation of Accounts Payable	12-A	4,000.00	
Adjustments:			
Marriage License Fees Payable	A-1		925.00
Miscellaneous Adjustments	1-A	1,008.34	
Total Revenue		<u>21,464,701.74</u>	<u>21,146,733.37</u>
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	5,834,300.00	5,931,350.00
Other Expenses	A-3	5,032,105.00	4,947,460.00
Deferred Charges and Statutory Expenditures	A-3	1,411,248.00	1,460,257.00
Appropriations Excluded From "CAPS":			
Operations:			
Salaries and Wages	A-3	140,132.00	122,750.00
Other Expenses	A-3	3,210,216.56	308,926.82
Capital Improvement Fund	A-3	85,000.00	
Municipal Debt Service	A-3	1,296,559.84	1,115,705.67
Deferred Charges	A-3	53,000.00	58,000.00
Refund of Prior Year Revenue	A-1		725.00
Interfund Advanced State and Federal Grant Fund	A,1-A		
Grants Receivable Cancelled	1-A,23-A	9,720.51	
Prior Year Tax Deductions Disallowed	4-A	1,750.00	
Due From State NJ - Senior Citizens & Veterans	A-1		1,582.58
Local District School Tax	17-A	4,852,383.50	4,809,041.00
County Taxes Payable	18-A	1,845,792.51	1,896,230.48
Total Expenditures		<u>23,772,207.92</u>	<u>20,652,028.55</u>
Excess/(Deficit) in Revenue		(2,307,506.18)	494,704.82
Adjustment To Income Before Fund Balance:			
Expenditures Above Which Are By Statute			
Deferred Charges To Budget of Succeeding Year	A,10-A	3,000,000.00	159,000.00
Statutory Excess To Fund Balance		692,493.82	653,704.82
Fund Balance, January 1	A	682,041.02	178,336.20
		1,374,534.84	832,041.02
Decreased By:			
Utilized as Anticipated Revenue	A-1	375,000.00	150,000.00
Fund Balance, December 31	A	<u>\$ 999,534.84</u>	<u>\$ 682,041.02</u>

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

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

Exhibit A-2  
Page 1 of 2

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	Reference	Budget	Realized	Excess/ (Deficit)
Surplus Anticipated	A-1	\$ 375,000.00	\$ 375,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	7-A	15,000.00	16,995.00	\$ 1,995.00
Other	7-A	25,000.00	25,735.00	735.00
Fees and Permits	7-A	430,000.00	448,242.25	18,242.25
Fines and Costs:				
Municipal Court	7-A	385,000.00	383,371.05	(1,628.95)
Interest and Costs on Taxes	7-A	100,000.00	110,371.13	10,371.13
Parking Meters	7-A	110,000.00	126,462.57	16,462.57
Interest on Investments and Deposits	7-A	10,000.00	8,839.85	(1,160.15)
Anticipated Utility Operating Surplus	7-A	150,000.00	150,000.00	
PILOT:				
Keansburg Housing Authority	7-A	4,000.00	5,207.00	1,207.00
Grandview Apartments	7-A	90,000.00	75,000.00	(15,000.00)
Rental of Borough Property	7-A	30,000.00	46,666.62	16,666.62
Omni Tower Rental	7-A	50,000.00	35,686.88	(14,313.12)
Consolidated Municipal Property Tax Relief Aid	7-A	629,120.00	629,120.00	
Energy Receipts Tax (P.L. 1997, Chaps. 162 & 167)	7-A	1,196,511.00	1,196,511.00	
Uniform Construction Code Fees	7-A	65,000.00	93,345.00	28,345.00
Public and Private Revenues Offset with Appropriations:				
Safe and Secure Communities Program	23-A	60,000.00	60,000.00	
Chpt 159 - Clean Communities	23-A	14,970.58	14,970.58	
Chpt 159 - Body Armor	23-A	15,665.98	15,665.98	
Other Special Items:				
Uniform Fire Safety Act	7-A	5,000.00	6,635.10	1,635.10
Cable TV Fees	7-A	80,000.00	108,426.36	28,426.36
Church Street Coro:				
PILOT McGrath Towers	7-A	5,000.00	11,005.00	6,005.00
PILOT Fallon Manor	7-A	4,000.00	7,436.00	3,436.00
Total Miscellaneous Revenues	A-1	3,474,267.56	3,575,692.37	101,424.81
Receipts From Delinquent Taxes	A-1,A-2	580,000.00	573,154.13	(6,845.87)
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2,4-A	10,389,862.13	10,290,199.25	(99,662.88)
Budget Totals	A-3	14,819,129.69	14,814,045.75	(5,083.94)
Non-Budget Revenue	A-1,A-2		177,030.48	177,030.48
		\$ 14,819,129.69	\$ 14,991,076.23	\$ 171,946.54

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

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

Exhibit A-2  
Page 2 of 2

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	<u>Reference</u>	
<u>Analysis of Realized Revenue</u>		
Allocation of Current Tax Collections:		
Revenue From Collections	A-1,4-A	\$ 16,238,375.26
Allocated To School and County Taxes	4-A	<u>6,698,176.01</u>
Balance for Support of Municipal Budget Appropriations		<u>9,540,199.25</u>
Add:		
Reserve for Uncollected Taxes	A-3	<u>750,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 10,290,199.25</u></u>
Receipts From Delinquent Taxes:		
Delinquent Tax Collections	4-A	\$ 568,787.81
Tax Title Lien Collections	5-A	<u>4,366.32</u>
	A-2	<u><u>\$ 573,154.13</u></u>
<u>Analysis of Non-Budget Revenue</u>		
Miscellaneous Revenue Not Anticipated:		
BOE Sanitation/Barn Fire Reimbursement		\$ 53,844.00
Insurance Reimbursement		5,372.88
Miscellaneous Construction Fees		19,320.75
Tax Assessor		160.00
Street Opening Reimbursements		16,440.00
BOE Various Reimbursements		5,219.56
Grant-Payroll Fringe Reimbursement		46,580.00
LOSAP Refunds/Reimbursements		7,100.00
Health Hazard Payments		13,585.00
Various Misc. Refunds/Reimbursements		<u>9,408.29</u>
	A-2,1-A	<u><u>\$ 177,030.48</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 APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	Appropriations		Budget After Modifications	Expended		Cancelled
	Original Budget	Emergency Appropriation		Paid or Charged	Reserved	
General Appropriations Operations - Within "CAPS"						
GENERAL GOVERNMENT						
Borough Council:						
Salaries and Wages	\$ 9,000.00	\$	\$ 9,000.00	\$ 7,200.00	\$ 1,800.00	
Other Expenses	1,000.00		1,000.00	911.56	88.44	
Office of Borough Manager:						
Salaries and Wages	182,000.00		182,000.00	175,932.29	6,067.71	
Other Expenses	2,450.00		2,450.00	1,749.37	700.63	
Office of the Borough Clerk:						
Salaries and Wages	139,000.00		139,000.00	138,980.62	19.38	
Other Expenses	26,300.00		26,300.00	17,000.38	9,299.62	
Legal Services and Costs:						
Other Expenses	100,000.00		100,000.00	88,980.62	11,019.38	
Elections:						
Other Expenses	13,000.00		13,000.00	13,000.00		
DEPARTMENT OF FINANCE						
Office of Director of Finance:						
Salaries and Wages	202,700.00		202,700.00	198,803.37	3,896.63	
Other Expenses	29,300.00		29,300.00	12,977.02	16,322.98	
Annual Audit	44,000.00		44,000.00	26,900.00	17,100.00	
Division of Tax Collector:						
Salaries and Wages	72,100.00		72,100.00	72,071.83	28.17	
Other Expenses	10,000.00		10,000.00	9,874.17	125.83	
Division of Tax Assessor:						
Salaries and Wages	60,700.00		60,700.00	59,682.58	1,017.42	
Other Expenses	3,100.00		3,100.00	2,492.10	607.90	
DEPARTMENT OF PUBLIC SAFETY						
Police:						
Salaries and Wages	3,732,250.00		3,732,250.00	3,548,543.41	183,706.59	
Dispatcher Salaries and Wages	122,000.00		122,000.00	106,435.45	15,564.55	
Other Expenses	71,600.00		71,600.00	56,623.46	14,976.54	
Detective Bureau:						
Other Expenses	4,500.00		4,500.00	2,085.10	2,404.90	
Bureau of Street Crossing Guards:						
Salaries and Wages	43,000.00		43,000.00	42,999.75	0.25	
Other Expenses	200.00		200.00	200.00		
DIVISION OF FIRE						
Fire Department:						
Other Expenses	105,000.00		105,000.00	104,134.01	865.99	
Division of Fire:						
Other Expenses	29,000.00		29,000.00	28,469.77	530.23	

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 ACCOUNTING BASIS

Year ended December 31, 2012

General Appropriations Operations - Within "CAPS"	Appropriations		Expended		Cancelled
	Original Budget	Emergency Appropriation	Budget After Modifications	Paid or Charged	Reserved
<b>UNIFORM CONSTRUCTION CODE</b>					
Code Enforcement:					
Salaries and Wages	89,150.00		89,150.00	86,983.92	2,166.08
Other Expenses	3,100.00		3,100.00	2,087.42	1,012.58
Uniform Safety Act:					
Salaries and Wages	30,775.00		32,775.00	31,885.86	889.14
Other Expenses	3,000.00		3,000.00	2,845.89	154.11
<b>PUBLIC WORKS</b>					
Division of Engineering:					
Other Expenses	90,000.00		90,000.00	57,068.38	32,931.62
Division of Streets and Roads:					
Salaries and Wages	561,500.00		561,500.00	561,500.00	
Other Expenses	59,700.00		59,700.00	54,058.71	5,641.29
Division of Snow Removal:					
Salaries and Wages	15,000.00		15,000.00	15,000.00	
Other Expenses	13,000.00		13,000.00	1,043.77	11,956.23
Division of Parking Meter Maintenance:					
Salaries and Wages	15,000.00		15,000.00	15,000.00	
Other Expenses	8,800.00		8,800.00	7,530.50	1,269.50
Division of Buildings and Grounds:					
Other Expenses	75,000.00		75,000.00	68,760.48	6,239.52
Municipal Garage:					
Salaries and Wages	118,075.00		118,075.00	118,075.00	
Other Expenses	68,000.00		68,000.00	65,420.65	2,579.35
Sanitation:					
Contract	408,500.00		408,500.00	394,577.23	13,922.77
Landfill Solid Waste Disposal Fees	417,000.00		417,000.00	415,268.65	1,731.35
<b>DEPARTMENT OF HEALTH AND WELFARE</b>					
Division of Health:					
Salaries and Wages	10,000.00		10,000.00	9,815.73	184.27
Other Expenses	120,400.00		120,400.00	110,634.51	9,765.49
Dog Regulation	38,500.00		38,500.00	30,735.00	7,765.00
<b>DEPARTMENT OF RECREATION PARKS AND PLAYGROUNDS</b>					
Recreation, Parks and Playgrounds:					
Other Expenses	15,500.00		15,500.00	9,371.90	6,128.10
Historical Society:					
Other Expenses	500.00		500.00	315.00	185.00
<b>MUNICIPAL PROSECUTOR</b>					
Municipal Prosecutor:					
Salaries and Wages	28,000.00		29,000.00	28,000.18	999.82

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 ACCOUNTING BASIS

Year ended December 31, 2012

	Original Budget	Appropriations Emergency Appropriation	Budget After Modifications	Expended		Cancelled
				Paid or Charged	Reserved	
General Appropriations Operations - Within "CAPS"						
OTHER MUNICIPAL OPERATIONS						
MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D-1)						
Planning Board of Adjustment:						
Salaries and Wages	31,000.00		31,000.00	30,010.52	989.48	
Other Expenses	16,000.00		16,000.00	13,133.92	2,866.08	
Emergency Management Services:						
Salaries and Wages	10,000.00		10,000.00	10,000.00		
Other Expenses	1,000.00		1,000.00		1,000.00	
INSURANCES: N.J.S.A. 40A:4-45.3(00)						
Group Insurance Plan for Employees	1,950,000.00		1,938,000.00	1,728,406.63	209,593.37	
Group Salary Insurance	20,000.00		20,000.00	17,500.00	2,500.00	
Workers Compensation	435,000.00		435,000.00	410,596.22	24,403.78	
Other Insurance - Liability Insurance	350,000.00		350,000.00	334,952.19	15,047.81	
Disability Insurance	25,000.00		25,000.00	15,837.62	9,162.38	
SENIOR CITIZENS						
Transportation of Senior Citizens:						
Other Expenses	12,000.00		12,000.00	10,105.00	1,895.00	
MUNICIPAL COURT						
Municipal Court:						
Salaries and Wages	187,300.00		187,300.00	179,161.23	8,138.77	
Other Expenses	6,635.00		6,635.00	6,626.60	8.40	
MUNICIPAL LIBRARY						
Library:						
Salaries and Wages	27,500.00		27,500.00	22,126.91	5,373.09	
Other Expenses	6,470.00		6,470.00	4,616.06	1,853.94	
PUBLIC EMPLOYEES OCCUPATIONAL SAFETY AND HEALTH ACT						
Board of Health:						
Other Expenses	1,000.00		1,000.00	768.00	232.00	
UNIFORM CONSTRUCTION CODE APPROPRIATIONS						
OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)						
State Uniform Construction Code Officials:						
Salaries and Wages	140,250.00		145,250.00	145,248.27	1.73	
Other Expenses	3,050.00		3,050.00	3,019.01	30.99	
UNCLASSIFIED						
Utilities:						
Electricity	85,000.00		85,000.00	71,605.79	13,394.21	
Street Lighting	125,000.00		119,000.00	112,057.44	6,942.56	
Telephone	73,000.00		73,000.00	72,701.03	298.97	
Natural Gas	28,000.00		28,000.00	21,862.67	6,107.33	
Telecommunications Costs	7,500.00		7,500.00	5,806.87	1,693.13	
Gasoline and Fuel Oil	145,000.00		145,000.00	144,862.53	137.47	
Total Operations - Within "CAPS"	10,876,405.00		10,866,405.00	10,163,070.15	703,334.85	
Detail:						
Salaries and Wages	5,816,300.00		5,834,300.00	5,593,456.92	230,843.08	
Other Expenses	5,049,105.00		5,032,105.00	4,559,613.23	471,491.77	

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 ACCOUNTING BASIS

Year ended December 31, 2012

	Appropriations		Budget After Modifications	Expended		Cancelled
	Original Budget	Emergency Appropriation		Paid or Charged	Reserved	
General Appropriations Operations - Within "CAPS"						
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"						
Statutory Expenditures: Contribution To:						
Public Employees' Retirement System	273,627.00		273,627.00	273,627.00		
Social Security System (O.A.S.I.)	250,000.00		250,000.00	234,046.01	15,953.99	
Police and Firemen's Retirement System of N.J.	887,621.00		887,621.00	887,621.00		
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	1,411,248.00		1,411,248.00	1,395,294.01	15,953.99	
Total General Appropriations for Municipal Purposes - Within "CAPS"	12,287,653.00		12,277,653.00	11,558,364.16	719,288.84	
General Appropriations for Municipal Purposes - Excluded from "CAPS"						
Length of Service Award Program ("LOSAP") Superstorm Sandy	60,000.00	\$ 3,000,000.00	60,000.00	51,422.40	8,577.60	
911 Emergency Dispatch - Police:						
Other Expenses	13,000.00		13,000.00	12,985.18	34.82	
	73,000.00	3,000,000.00	3,073,000.00	3,030,836.28	42,163.72	
Public and Private Programs Offset by Revenues:						
Safe and Secure Communities	60,000.00		60,000.00	60,000.00		
Salaries and Wages	140,132.00		140,132.00	140,132.00		
Other Expenses	46,580.00		46,580.00	46,580.00		
Body Armor	15,665.98		15,665.98	15,665.98		
Clean Communities Grant	14,970.58		14,970.58	14,970.58		
Total Public and Private Programs Offset by Revenues	277,348.56		277,348.56	277,348.56		
Total Operations - Excluded from "CAPS"	350,348.56	3,000,000.00	3,350,348.56	3,308,184.84	42,163.72	
Detail:						
Salaries and Wages	140,132.00		140,132.00	140,132.00		
Other Expenses	210,216.56	3,000,000.00	3,210,216.56	3,168,052.84	42,163.72	
Capital Improvement Fund:						
Capital Improvement Fund:	75,000.00		85,000.00	85,000.00		
Total Capital Improvement Fund	75,000.00		85,000.00	85,000.00		

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 ACCOUNTING BASIS

Year ended December 31, 2012

	Original Budget	Appropriations Emergency Appropriation	Budget After Modifications	Paid or Charged	Reserved	Cancelled
General Appropriations						
Operations - Excluded From "CAPS"						
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	378,000.00		378,000.00	378,000.00		\$ 1.94
Interest on Bonds	293,132.50		293,132.50	293,130.56		426.60
Interest on Notes	35,000.00		35,000.00	34,573.40		
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	63,313.90		63,313.90	63,313.38		0.52
Special Emergency Note - Interest	2,000.00		2,000.00	1,823.72		176.28
Environmental Infrastructure Trust Loan	210,622.47		210,622.47	205,991.53		4,630.94
Demolition Bond	6,760.00		6,760.00	5,431.92		1,328.08
Capital Lease Program	314,299.26		314,299.26	314,295.33		3.93
Total Municipal Debt Service - Excluded From "CAPS"	1,303,128.13		1,303,128.13	1,296,559.84		6,568.29
Deferred Charges - Municipal - Excluded From "CAPS"						
Deferred Charges:						
Special Emergency Authorizations - 3 Years	53,000.00		53,000.00	53,000.00		
Total Deferred Charges - Municipal - Excluded From "CAPS"	53,000.00		53,000.00	53,000.00		
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	1,781,476.69	3,000,000.00	4,791,476.69	4,742,744.69	42,163.72	6,568.29
Subtotal General Appropriations	14,069,129.69	3,000,000.00	17,069,129.69	16,301,108.84	761,452.56	6,568.29
Reserve for Uncollected Taxes	750,000.00		750,000.00	750,000.00		
Total General Appropriations	\$ 14,819,129.69	\$ 3,000,000.00	\$ 17,819,129.69	\$ 17,051,108.84	\$ 761,452.56	\$ 6,568.29
Adopted Budget		10- A	A-3		A	A-3
Reference	A-2					
A-2	\$ 14,788,493.13					
A-2	30,636.56					
	\$ 14,819,129.69					
Reserve for Uncollected Taxes	A-2					
Cash Disbursements	1-A			\$ 750,000.00		
Reserve for Grants-Appropriated	8-A			13,573,905.75		
Special Emergency Appropriations	10-A			90,636.56		
Accounts Payable	12-A			53,000.00		
Encumbrances Payable	13-A			4,000.00		
				2,579,566.53		
				\$ 17,051,108.84		

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

TRUST FUND

EXHIBIT

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

Year Ended December 31, 2012 and 2011

<u>Assets</u>	<u>Reference</u>	<u>2012</u>	<u>2011</u>	<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Animal Control Fund:				Animal Control Trust Fund:			
Cash	1-B	\$ 5,782.82	\$ 6,497.27	Due To:	2-B	\$ 41.40	\$ 16.80
Change Fund	B	50.00	50.00	State of New Jersey	3-B	5,791.42	6,530.47
				Reserve for Animal Control Expenditures			
		<u>5,832.82</u>	<u>6,547.27</u>			<u>5,832.82</u>	<u>6,547.27</u>
Other Trust Funds:				Other Trust Funds:			
Cash	1-B	<u>647,234.85</u>	<u>588,212.42</u>	Reserve for Various Trust Activities	4-B	<u>647,234.85</u>	<u>588,212.42</u>
Length of Service Award Program				Length of Service Award Program			
Fund ("LOSAP") - Reviewed:				Fund ("LOSAP") - Reviewed:			
Cash and Investments - Trustee	6-B	<u>230,100.13</u>	<u>195,957.74</u>	Reserve for Funds Held by Trustee	5-B	<u>230,100.13</u>	<u>195,957.74</u>
Total Assets		<u>\$ 883,167.80</u>	<u>\$ 790,717.43</u>	Total Liabilities and Reserves		<u>\$ 883,167.80</u>	<u>\$ 790,717.43</u>

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

GENERAL CAPITAL FUND

EXHIBIT

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

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

<u>Assets</u>	<u>Reference</u>	<u>2012</u>	<u>2011</u>	<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Cash and Investments	1-C	\$ 140,067.50	\$ 98,360.28	Encumbrances Payable	6-C	\$ 50,182.63	\$ 66,718.42
State, Federal, Local Grants Receivable	5-C	1,518,376.80	943,140.30	Serial Bonds	7-C	5,752,000.00	6,087,000.00
Deferred Charges To Future Taxation:				Bond Anticipation Notes	8-C	1,469,890.00	664,890.00
Funded	3-C	7,699,583.51	8,252,662.30	Leases Payable	9-C	621,000.00	896,500.00
Funded - Leases	3-C	621,000.00	896,500.00	Environmental Infrastructure Trust Loan	10-C	1,526,838.44	1,685,454.65
Unfunded	4-C	4,194,177.50	1,652,003.00	Green Acres Loan	11-C	412,988.07	467,207.65
Due From:				Demolition Loan	12-C	7,777.00	13,000.00
Monmouth County Improvement Authority	14-C	32,766.91	32,766.91	Improvement Authorizations:			
				Funded	13-C	1,478,397.03	1,093,008.78
Total Assets		<u>\$ 14,205,972.22</u>	<u>\$ 11,875,432.79</u>	Unfunded	13-C	2,762,024.10	819,609.84
				Reserve for:			
				Capital Improvement Fund	15-C	10,576.67	26,256.67
				RCA Interest Income	15-C	29,018.16	29,100.89
				Refunding Bonding - Cost of Issuance	15-C	58,636.23	
				Capital Improvements - Sale of Assets	15-C		25,500.00
				Fund Balance	C-1	26,663.89	1,185.89
				Total Liabilities and Reserves		<u>\$ 14,205,972.22</u>	<u>\$ 11,875,432.79</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 CAPITAL FUND BALANCE-  
REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	C		\$ 1,185.89
Increased By:			
Improvement Authorizations Cancelled	13-C	\$ 25,000.00	
Premium on BAN Sale	1-C	<u>478.00</u>	
			<u>25,478.00</u>
Balance, December 31, 2012	C		<u><u>\$ 26,663.89</u></u>

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



WATER AND SEWER UTILITY FUND  
EXHIBITS

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY  
WATER AND SEWER UTILITY FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

Year Ended December 31, 2012 and 2011

<u>Assets</u>	<u>Reference</u>	<u>2012</u>	<u>2011</u>	<u>Liabilities, Reserves and Fund Balances</u>	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Operating Fund:				Operating Fund:			
Cash and Investments	1-D	\$ 870,124.15	\$ 495,876.78	Appropriation Reserves	D-4,8-D	\$ 228,794.67	\$ 65,546.71
Change Fund	3-D	250.00	250.00	Prepaid Water/Sewer rents	9-D	43,485.24	421,599.77
Due From Water and Sewer Utility				Encumbrances Payable	10-D	422,618.44	16,364.93
Capital Fund	12-D		400,000.00	Water and Sewer Rent Overpayments	11-D	8,431.97	52,386.66
		<u>870,374.15</u>	<u>896,126.78</u>	Accrued Interest on Bonds, Notes & Loans	14-D	<u>47,819.49</u>	<u>555,898.07</u>
Receivables With Offsetting						751,149.81	
Reserves:							
Consumer Accounts Receivable	4-D	417,152.13	219,919.26		D	734,847.05	822,288.61
Municipal Liens	24-D	16,273.71		Fund Balance	D-1	<u>119,224.34</u>	<u>340,228.71</u>
Deposit with Bayshore Regional Sewerage Authority	5-D	<u>301,421.21</u>	<u>602,369.35</u>			<u>1,605,221.20</u>	<u>1,718,415.39</u>
Total Operating Fund		<u>1,605,221.20</u>	<u>1,718,415.39</u>				
				Capital Fund:			
				Serial Bonds Payable	15-D	6,719,000.00	7,911,000.00
				Bond Anticipation Notes	16-D	921,000.00	521,000.00
				Trust Loans Payable	17-D	1,161,186.48	1,219,491.55
				Accounts Payable	18-D	5,000.00	5,000.00
				Encumbrances Payable	19-D	10,330.50	10,330.50
				Due Water and Sewer Utility Operating Fund Improvement Authorization:	D, 1-D	400,000.00	400,000.00
				Funded	19-D	6,560.44	
				Unfunded	19-D	15,134.91	224,301.12
				Reserve for:			
				Amortization	20-D	19,060,764.35	17,810,459.28
				Deferred Reserve for Amortization	21-D	3,660.00	3,660.00
				Capital Improvement Fund	22-D	77,000.00	77,000.00
				Fund Balance	D-2	<u>11,964.11</u>	<u>11,964.11</u>
				Total Capital Fund		<u>27,974,709.85</u>	<u>28,200,767.00</u>
Total Assets		<u>\$ 29,579,931.05</u>	<u>\$ 29,919,182.39</u>	Total Liabilities, Reserves and Fund Balances		<u>\$ 29,579,931.05</u>	<u>\$ 29,919,182.39</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

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

Year ended December 31, 2012 and 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized:			
Fund Balance Anticipated	D-3	\$ 300,000.00	\$ 275,000.00
Miscellaneous Revenues Anticipated	D-3	4,219,784.29	4,488,280.06
Miscellaneous Revenues Not Anticipated	D-3,1-D	61,148.92	85,661.19
Other Credits To Income:			
Unexpended Balance of Appropriation			
Reserves	8-D	43,781.13	19,488.38
Account Payable	D-1		1,322.19
Bayshore Regional Sewerage			
Authority Deposit Returned	5-D	302,064.00	147,007.00
Accrued Interest Cancelled	14-D	<u>4,567.17</u>	<u>11,599.51</u>
Total Revenue		<u>4,931,345.51</u>	<u>5,028,358.33</u>
Expenditures:			
Operating	D-4	3,142,700.00	3,076,400.00
Capital Improvements	D-4	150,000.00	
Debt Service	D-4	1,340,649.88	1,340,872.98
Statutory Expenditures	D-4	69,000.00	72,000.00
Surplus (General Budget)	D-4	<u>150,000.00</u>	<u>200,000.00</u>
Total Expenditures		<u>4,852,349.88</u>	<u>4,689,272.98</u>
Excess in Revenue		78,995.63	339,085.35
Fund Balance, Beginning	D	<u>340,228.71</u>	<u>276,143.36</u>
		419,224.34	615,228.71
Decreased By:			
Utilized as Anticipated Revenue		<u>300,000.00</u>	<u>275,000.00</u>
Fund Balance, December 31	D	<u><u>\$ 119,224.34</u></u>	<u><u>\$ 340,228.71</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 CAPITAL FUND

COMPARATIVE STATEMENT OF FUND BALANCE  
REGULATORY ACCOUNTING BASIS

Year Ended December 31, 2012 and 2011

Reference

Balance, December 31, 2012	D	<u>\$ 11,964.11</u>
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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 ACCOUNTING BASIS

Year ended December 31, 2012

		<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	D-1	\$ 300,000.00	\$ 300,000.00	
Water/Sewer Rents	D-1,4-D	4,485,000.00	4,219,784.29	\$ (265,215.71)
Interest on:				
Delinquent Payments	D-1,1-D	70,000.00	59,829.93	(10,170.07)
Investments	D-1,1-D	<u>450.00</u>	<u>1,318.99</u>	<u>868.99</u>
		<u>\$ 4,855,450.00</u>	<u>\$ 4,580,933.21</u>	<u>\$ (274,516.79)</u>
<u>Reference</u>		D-4	D-1	D-3

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

## STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2012...

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

GENERAL FIXED ASSETS ACCOUNT GROUP  
EXHIBIT

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY  
GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2012 and 2011

<u>Assets</u>	<u>Reference</u>	<u>2012</u>	<u>2011</u>	<u>Liabilities</u>	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Land	1-E	\$ 4,996,600.00	\$ 4,996,600.00				
Buildings	1-E	6,174,512.00	6,174,512.00				
Improvements	1-E	6,117,000.00	6,117,000.00				
Machinery and Equipment	1-E	4,549,938.35	4,601,003.60	Investment in Fixed Assets	1-E	\$ 21,838,050.35	\$ 21,889,115.60
Total Assets		<u>\$ 21,838,050.35</u>	<u>\$ 21,889,115.60</u>	Total Liabilities		<u>\$ 21,838,050.35</u>	<u>\$ 21,889,115.60</u>



## NOTES TO FINANCIAL STATEMENTS

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The Borough of Keansburg, County of Monmouth, New Jersey ("Borough") operates under the Faulkner Act (Council-Manager) form of municipal government, with a five-member Borough Council. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit and are considered component units under GAAP. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Funds

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

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

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

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

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

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

Water 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 - The Borough has not complied with Technical Accounting Directive No. 85-2 issued by the Division of Local Government Services. Technical Accounting Directive No. 85-2 utilizes the following accounting policies:

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

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

No depreciation is provided for in the financial statements.

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

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

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

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

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

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

Revenues

Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and federal grants for operating purposes are realized as revenues when anticipated in the Borough budget. Receivables for property taxes are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable.

Expenditures

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

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

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

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

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

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

D. Budgets and Budgetary Accounting

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

E. Grants

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

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

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

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

F. Assessment and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Local Unit, Local School District, County and Special Districts, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Local Unit Tax Collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

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

G. Foreclosed Property

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

H. Interfund Receivables

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

I. Deferred Charges to Future Taxation Funded and Unfunded

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

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2012	\$ 302,627.00	\$ 887,621.00
2011	282,148.00	927,109.00
2010	215,555.00	714,266.00

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

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

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

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

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

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans (Continued)

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

K. Volunteer Length of Service Award Plan

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 may be amended on a yearly basis in accordance with regulations established by the New Jersey Department of Consumer Affairs, Division of Local Government Services. The Borough has made annual contributions as follows:

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).

Estimated Cost - The estimated cost of the program to the Borough has been calculated to be approximately \$50,000.00 per year. (This amount may vary annually, based upon the total number of eligible active volunteer members in the program, and periodic increases).

L. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits, the State of New Jersey Cash Management Fund and government money market mutual funds through registered broker/dealers and banks. The New Jersey Governmental Unit Deposit Protection Act ("GUDPA") requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:



BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Deposits (Continued)

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required.

Investments

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

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Government Money Market Mutual Funds.
- (c) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an Act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (d) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (e) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- (f) Local Government Investment Pools.
- (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (Continued)

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

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

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

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

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

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (Continued)

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

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

M. Inventories of Supplies

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

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

2. Deposits and Investments

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

Deposits

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

Bank balances at December 31, 2012 and 2011 are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At December 31, 2012 and 2011, the book value of the Borough's deposits were \$8,581,978.04 and \$4,921,059.70, respectively.

Custodial Credit Risk Related to Deposits

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

At December 31, 2012 and 2011, the Borough's bank balances of \$8,972,186.76 and \$4,969,071.36, respectively, were exposed to Custodial Credit Risk as follows:

	<u>2012</u>	<u>2011</u>
Insured	\$ 8,209,103.39	\$ 4,575,991.33
Uninsured and Uncollateralized	<u>763,083.37</u>	<u>393,080.03</u>
	<u>\$ 8,972,186.76</u>	<u>\$ 4,969,071.36</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

2. Deposits and Investments (continued)

Investments

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for Custodial Risk. As of December 31, 2012 and 2011, \$ 230,100.13 and \$195,957.74, respectively, of the Borough's investments was exposed to Custodial Credit Risk, as follows:

	<u>Fair Value (LOSAP)</u>	<u>Book Value</u>	<u>Total Reported Value</u>
<u>2012</u>			
Uninsured and Collateralized: Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 230,100.13</u>	<u>\$ 230,100.13</u>	<u>\$ 230,100.13</u>
<u>2011</u>			
Uninsured and Collateralized: Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 195,957.74</u>	<u>\$ 195,957.74</u>	<u>\$ 195,957.74</u>

Interest Rate Risk

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

Credit Risk

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

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

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

3. Interfund Balances and Activity

There were no balances due to/(from) other funds at December 31, 2012.

4. Taxes, Water and Sewer Utility Receivables

Receivables at December 31, 2012 consisted of the following:

	<u>Current Fund</u>	<u>Water/Sewer Utility Fund</u>	<u>Total</u>
Property Taxes	\$ 798,243.19		\$ 798,243.19
Utility Rents	<u>                    </u>	\$ 433,425.84	<u>433,425.84</u>
	<u>\$ 798,243.19</u>	<u>\$ 433,425.84</u>	<u>\$1,231,669.09</u>

In 2012, the Borough collected \$ 568,787.81 and \$ 219,919.26 from delinquent taxes and utility rents, which represented 93.45% and 100.00% of the delinquent tax and sewer charges receivable at December 31, 2011.

Receivables at December 31, 2011 consisted of the following:

	<u>Current Fund</u>	<u>Water/Sewer Utility Fund</u>	<u>Total</u>
Property Taxes	\$ 608,645.34		\$ 608,645.34
Utility Rents	<u>                    </u>	\$ 219,919.26	<u>219,919.26</u>
	<u>\$ 608,645.34</u>	<u>\$ 219,919.26</u>	<u>\$ 828,564.60</u>

In 2011, the Borough collected \$677,973.72 and \$280,391.14 from delinquent taxes and utility rents, which represented 97.81% and 100.00% of the delinquent tax and sewer charges receivable at December 31, 2010.

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

5. Fixed Assets

The following is a summary of the General Fixed Assets Account Group for the year 2012.

	Balance, December 31, <u>2012</u>
<u>2012</u>	
Land	\$ 4,996,600.00
Buildings	6,174,512.00
Improvements Other Than Buildings	6,117,000.00
Machinery and Equipment	<u>4,549,938.35</u>
Total	<u>\$21,838,050.35</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

6. Long-Term Debt

The Borough's long-term debt consisted of the following at December 31, 2012:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance December 31, 2012</u>
<u>General Capital Bonds</u>				
General Obligation	10/15/03	\$ 2,967,000.00	4.750%-5.000%	\$ 150,000.00
General Obligation	12/04/08	4,170,000.00	4.000%-5.250%	3,912,000.00
Refunding Bonds	11/08/12	1,690,000.00	2.000%-3.500%	<u>1,690,000.00</u>
				<u>\$ 5,752,000.00</u>
<u>NJEIT Loans</u>				
Drainage Improvements	10/15/01	\$ 2,910,000.00	2.500%-2.625%	\$ 1,373,019.28
Drainage Improvements	10/15/01	276,422.00	2.500%-2.625%	<u>153,819.16</u>
				<u>\$ 1,526,838.44</u>
<u>Green Trust Loans</u>				
1999 Loan	03/22/99	\$ 250,000.00	2.000%	\$ 69,530.47
2007 Loan A	07/27/07	415,000.00	2.000%	237,038.59
2007 Loan	07/27/07	30,500.00	2.000%	23,059.11
2009 Loan	11/06/09	98,295.00	2.000%	<u>83,339.42</u>
				<u>\$ 412,967.59</u>
<u>Urban &amp; Rural Centers</u>				
<u>Unsafe Building Demolition</u>				
Demolition Bond Loan Program	05/23/03	\$ 65,000.00	4.000%	<u>\$ 7,777.00</u>
Total General Capital Debt				<u>\$ 7,699,583.03</u>



BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

6. Long-Term Debt (continued)

The Borough's long-term debt consisted of the following at December 31, 2012:

Water & Sewer Utility Bonds

General Obligation	12/04/08	\$	242,000.00	4.000%-5.250%	\$	192,000.00
Refunding of Pooled Bonds	03/30/11		846,000.00	2.500%-5.000%		597,000.00
Refunding of Refunding Bonds	11/08/12		5,930,000.00	2.000%-3.000%		<u>5,930,000.00</u>
					\$	<u>6,719,000.00</u>

NJEIT Water & Sewer Loans

Trust Loan – Series A	03/10/10	\$	655,000.00	3.000%-5.000%	\$	595,000.00
Fund Loan	03/10/10		1,964,000.00	0.000%		<u>566,186.48</u>
					\$	<u>1,161,186.48</u>

Total Water and Sewer Utility Debt	\$	<u>7,880,186.48</u>
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Schedule of Annual Debt Service for Bonded Debt Issued and Outstanding

General Debt

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 412,000.00	\$ 243,160.47	\$ 655,160.47
2014	432,000.00	220,463.75	652,463.75
2015	452,000.00	202,163.75	654,163.75
2016	468,000.00	182,863.75	650,863.75
2017	488,000.00	165,743.75	653,743.75
2018	503,000.00	147,823.75	650,823.75
2019	529,000.00	124,903.75	653,903.75
2020	547,000.00	102,648.75	649,648.75
2021	573,000.00	81,783.75	654,783.75
2022	596,000.00	57,633.75	653,633.75
2023	622,000.00	30,512.50	652,512.50
2024	<u>130,000.00</u>	<u>3,087.50</u>	<u>133,087.50</u>
	<u>\$ 5,752,000.00</u>	<u>\$ 1,562,789.22</u>	<u>\$ 7,314,789.22</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

6. Long-Term Debt (continued)

Schedule of Annual Debt Service for Bonded Debt Issued and Outstanding

Water and Sewer Utility

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 911,000.00	\$ 216,939.17	\$ 1,127,939.17
2014	933,000.00	185,805.00	1,118,805.00
2015	970,000.00	157,535.00	1,127,535.00
2016	924,000.00	125,435.00	1,049,435.00
2017	958,000.00	97,870.00	1,055,870.00
2018	993,000.00	68,300.00	1,061,300.00
2019	948,000.00	37,417.50	985,417.50
2020	19,000.00	4,057.50	23,057.50
2021	20,000.00	3,202.50	23,202.50
2022	21,000.00	2,202.50	23,202.50
2023	<u>22,000.00</u>	<u>1,100.00</u>	<u>23,100.00</u>
	<u>\$ 6,719,000.00</u>	<u>\$ 899,864.17</u>	<u>\$ 7,618,864.17</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

6. Long-Term 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 2003, 2005 and 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>2003</u>	<u>Series</u> <u>2005</u>	<u>Series</u> <u>2009</u>	<u>Total</u>
2013	\$135,450.00	\$ 82,650.00	\$ 70,495.00	\$ 288,595.00
2014		82,580.00	71,545.00	154,125.00
2015		82,635.00	33,025.00	115,660.00
2016			32,945.00	32,945.00
2017			32,825.00	32,825.00
2018			32,592.50	32,592.50
2019			32,317.50	32,317.50
Total				
Payment	<u>\$135,450.00</u>	<u>\$ 247,865.00</u>	<u>\$ 305,745.00</u>	<u>\$ 689,060.00</u>
Interest				
Payment	<u>\$ 6,450.00</u>	<u>\$ 22,865.00</u>	<u>\$ 38,745.00</u>	<u>\$ 68,060.00</u>

Demolition Loan

	<u>Principal</u>
2013	<u>\$ 6,500.00</u>
	<u>\$ 6,500.00</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

6. Long-Term Debt (continued)

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>
2013	\$ 153,258.71	\$ 40,306.26	\$ 193,564.97
2014	158,867.64	36,306.26	195,173.90
2015	164,324.34	32,056.26	196,380.60
2016	169,560.30	27,443.76	197,004.06
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>\$ 1,373,019.28</u>	<u>\$ 193,862.54</u>	<u>\$ 1,566,881.82</u>

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 10,941.55	\$ 4,225.00	\$ 15,166.55
2014	18,984.79	3,950.00	22,934.79
2015	18,662.75	3,450.00	22,112.75
2016	18,340.72	2,950.00	21,290.72
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>\$ 153,819.16</u>	<u>\$ 21,850.00</u>	<u>\$ 175,669.16</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

6. Long-Term 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>
2013	\$ 33,305.07	\$ 33,305.07
2014	33,305.07	33,305.07
2015	33,305.07	33,305.07
2016	33,305.07	33,305.07
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	33,305.07	33,305.07
2023	33,305.07	33,305.07
2024	33,305.07	33,305.07
2025	33,305.07	33,305.07
2026	33,305.07	33,305.07
2027	33,305.07	33,305.07
2028	33,305.07	33,305.07
2029	<u>33,305.36</u>	<u>33,305.36</u>
	<u>\$ 566,186.48</u>	<u>\$ 566,186.48</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

6. Long-Term Debt (continued)

Water and Sewer Utility : Trust Loan – Series A

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 25,000.00	\$ 25,250.00	\$ 50,250.00
2014	25,000.00	24,000.00	49,000.00
2015	25,000.00	22,750.00	47,750.00
2016	30,000.00	21,500.00	51,500.00
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	35,000.00	13,000.00	48,000.00
2023	40,000.00	11,600.00	51,600.00
2024	40,000.00	10,000.00	50,000.00
2025	40,000.00	8,400.00	48,400.00
2026	40,000.00	6,800.00	46,800.00
2027	45,000.00	5,400.00	50,400.00
2028	45,000.00	3,600.00	48,600.00
2029	<u>45,000.00</u>	<u>1,800.00</u>	<u>46,800.00</u>
	<u>\$ 595,000.00</u>	<u>\$ 239,450.00</u>	<u>\$ 834,450.00</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

6. Long-Term 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>
2013	\$ 14,917.63	\$ 1,316.39	\$ 16,234.02
2014	15,217.47	1,016.55	16,234.02
2015	15,523.35	710.67	16,234.02
2016	15,835.37	398.66	16,234.03
2017	<u>8,036.65</u>	<u>80.37</u>	<u>8,117.02</u>
	<u>\$ 69,530.47</u>	<u>\$ 3,522.64</u>	<u>\$ 73,053.11</u>

Green Acres Loan Program – 1321-95-049

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,442.58	\$ 454.00	\$ 1,896.58
2014	1,471.58	425.01	1,896.59
2015	1,501.15	395.43	1,896.58
2016	1,531.33	365.26	1,896.59
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	205.05	1,896.59
2022	1,725.54	171.05	1,896.59
2023	1,760.22	136.36	1,896.58
2024	1,795.61	100.98	1,896.59
2025	1,831.69	64.89	1,896.58
2026	<u>1,868.51</u>	<u>28.08</u>	<u>1,896.59</u>
	<u>\$ 23,059.11</u>	<u>\$ 3,493.08</u>	<u>\$ 26,552.19</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

6. Long-Term 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>
2013	\$ 34,501.87	\$ 4,569.12	\$ 39,070.99
2014	35,195.35	3,875.64	39,070.99
2015	35,902.78	3,168.20	39,070.98
2016	36,624.43	2,446.56	39,070.99
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>\$ 237,038.59</u>	<u>\$ 16,922.82</u>	<u>\$ 253,961.41</u>

Green Acres Loan Program – 1323-03-012

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 4,467.73	\$ 1,644.57	\$ 6,112.30
2014	4,557.53	1,554.77	6,112.30
2015	4,649.13	1,463.17	6,112.30
2016	4,742.58	1,369.72	6,112.30
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	5,344.06	768.24	6,112.30
2023	5,451.48	660.82	6,112.30
2024	5,561.05	551.25	6,112.30
2025	5,672.82	439.47	6,112.29
2026	5,786.85	325.45	6,112.30
2027	5,903.17	209.13	6,112.30
2028	<u>6,021.82</u>	<u>90.48</u>	<u>6,112.30</u>
	<u>\$ 83,339.92</u>	<u>\$ 14,456.87</u>	<u>\$ 97,796.79</u>



BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

6. Long-Term Debt (continued)

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

	<u>CY</u> <u>2012</u>	<u>CY</u> <u>2011</u>	<u>TY</u> <u>2010</u>
<u>Issued</u>			
General:			
Bonds, Notes, and Loans	\$ 9,169,473.51	\$ 8,917,552.30	\$ 9,298,299.99
Water and Sewer Utility:			
Bonds and Notes	<u>8,801,186.48</u>	<u>9,651,491.55</u>	<u>9,289,000.00</u>
Net Debt Issued	<u>17,970,659.99</u>	<u>18,569,043.85</u>	<u>18,587,299.99</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	2,724,287.50	987,113.00	357,113.00
Water and Sewer Utility:			
Bonds and Notes	<u>                    </u>	<u>400,000.00</u>	<u>1,065,000.00</u>
Total Authorized But Not Issued	<u>2,724,287.50</u>	<u>1,387,113.00</u>	<u>1,422,113.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 20,694,947.49</u>	<u>\$ 19,956,156.85</u>	<u>\$ 20,009,412.99</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

6. Long-Term Debt (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.923%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$ 1,730,000.00	\$ 1,730,000.00	
Water/Sewer Utility Debt	8,801,186.48	8,801,186.48	
General Debt	<u>11,893,761.01</u>	<u>                    </u>	<u>\$ 11,893,761.01</u>
	<u>\$ 22,424,947.49</u>	<u>\$ 10,531,186.48</u>	<u>\$ 11,893,761.01</u>

Net Debt \$11,893,761.01 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$634,611,698.67 = 1.874%.

An Amended Annual Debt Statement should be prepared.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 22,211,698.67
Less: Net Debt	<u>11,893,761.01</u>
Remaining Borrowing Power	<u>\$ 10,317,937.66</u>

Calculation of "Self-Liquidating Purposes"- Sewer Utility per N.J.S. 40A:2-45

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 4,882,997.21
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Deductions:

Operating, Maintenance Costs and Statutory Expenditures	\$ 3,361,700.00	
Debt Service	<u>1,340,649.88</u>	
		<u>4,702,349.88</u>

Excess Revenue	<u>\$ 180,647.33</u>
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The calculation is used for the following purpose:

If there is an "excess in revenue" all such utility debt is deductible.

If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

7. Bond Anticipation Notes

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

At December 31, 2012, 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	06/27/12	1.50%	\$ 57,143.00
Improvements Main Street Business	06/27/12	1.50%	422,747.00
Improvements to Highland Blvd./Center Ave.	06/27/12	1.50%	75,000.00
Improvements to Parks and Playgrounds	06/27/12	1.50%	110,000.00
Improvements to Main Street	06/27/12	1.50%	250,000.00
Improvements to Various Roads	06/27/12	1.50%	380,000.00
Improvements to Highland Blvd./Center Ave.	06/27/12	1.50%	<u>175,000.00</u>
			<u>\$ 1,469,890.00</u>

At December 31, 2011, 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	06/27/12	1.50%	\$ 521,000.00
Desalination System Water Plant	06/27/12	1.50%	<u>400,000.00</u>
			<u>\$ 921,000.00</u>

8. Bonds and Notes Authorized But Not Issued

At December 31, 2012, the Borough had authorized but not issued bonds and notes in the General Capital Fund in the amount of \$ 2,804,287.50 and in the Utility Capital Fund in the amount of \$0.00.

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

9. Fund Balances Appropriated

Current Fund

The Fund Balance at December 31, 2012 was \$999,534.84 of which \$200,000 was appropriated and included as anticipated revenue for the year ended December 31, 2013.

Water and Sewer Utility Operating Fund

The Fund Balance at December 31, 2012 was \$119,224.34 of which \$0.00 was appropriated and included as anticipated revenue for the year ended December 31, 2013.

10. Accrued Sick and Vacation Benefits - Unaudited

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. Effective for financial statements dated December 31, 1987, the state has required all municipalities to disclose the estimated current cost of unused sick and vacation benefits at year-end. The Borough estimates the current cost of such unpaid compensation at December 31, 2012 to be \$946,611.00. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

11. 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, 2012, the Borough estimates that no material liabilities will result from such audits.

12. Post-Retirement Health 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.

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

12. Post-Retirement Health Benefits (continued)

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. In 2010, the Borough authorized participation in the SHBP's post-retirement benefit program through resolution number 10-065. Eligibility to participate in the SHBP's post-retirement benefit program begins after 25 years of credited service with the Borough. During 2010, the Borough adopted resolution number 10-066 under the provisions of N.J.S.A. 52:14-17.38. This resolution requires that non-union employees must work 15 years or more within the Borough in order to be eligible for health benefits upon retirement. 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.

The Borough's contributions to SHBP for the year ended December 31, 2012 were \$596,986.80, which equaled the required contributions for the year. There were approximately 40 retired participants eligible at December 31, 2012.

13. Risk Management

The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disasters.

Property and Liability Insurance - The Borough maintains commercial insurance coverage for property, liability and surety bonds.

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

14. Unemployment Compensation Insurance

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.). The Borough has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. All funds collected from employees are transmitted to the state for this period. The Reserve for Unemployment Compensation Insurance at December 31, 2012 and 2011 totaled \$11,091.37 and \$26,397.12, respectively.

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.

16. Sewer Rent Reserve Account

Pursuant to an agreement with the Bayshore Regional Sewerage Authority ("Authority"), dated December 15, 1971, the Borough is required to establish and maintain a Sewer Rent Reserve Account calculated in accordance with the approved agreement. The amount calculated and the amount on deposit with the Authority is reported within the Water and Sewer Utility Fund in the amount of \$301,421.21 at of December 31, 2012.

17. Length of Service Award Program ("LOSAP") - Reviewed

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.

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

17. Length of Service Award Program ("LOSAP") - Reviewed (continued)

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.

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 Accountants Statements for Accounting and Auditing Review Services.

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012 and 2011

18. 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. The Borough also expects to apply for FEMA's Community Disaster Loan (CDL) which will fund the Borough's 2013 Budget for loss of ratables and tax appeals.

19. Subsequent Events

On May 10, 2013 the Governor's Office announced that the Borough of Keansburg ("Borough") was among ten municipalities that would be receiving FEMA's Community Disaster Loan (CDL). The Borough will be receiving \$3,954,766 in program loans which will be used fund the Borough's 2013 Budget for loss of ratables and tax appeals.



## SUPPLEMENTARY SCHEDULES

CURRENT FUND  
SCHEDULES

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CASH AND INVESTMENTS - TREASURER

Year ended December 31, 2012

	Reference	Current Fund	Grant Fund
Balance, December 31, 2011	A	\$ 3,590,818.64	\$ 20,612.14
Increased By Receipts:			
Non-Budget Revenues	A-1,A-2	\$ 177,030.48	
Miscellaneous Adjustments	A-1	1,008.34	
State of New Jersey - Senior Citizens' and Veterans' Deductions	3-A	78,925.91	
Property Taxes Receivable	4-A	16,659,787.31	
Tax Title Liens Receivable	5-A	4,366.32	
Revenue Accounts Receivable	7-A	3,485,055.81	
Due To/From:			
State of N.J.	21-A	1,175.00	
State and Federal Grant Fund	A-1		\$ 9,720.51
Special Emergency Notes	14-A	4,500,000.00	
Prepaid Taxes	15-A	102,523.85	
Tax Overpayments	16-A	50,978.61	
Outside Liens Payable	19-A	613,676.38	
Reserve for FEMA Reimbursements	22-A	791,264.45	
Grants Receivable	23-A		82,689.33
Grants:			
Appropriated	8-A		186,712.00
Unappropriated	9-A		6,545.08
		<u>26,465,792.46</u>	<u>285,666.92</u>
		30,056,611.10	306,279.06
Decreased By Disbursements:			
2012 Budget Appropriations	A-3	13,573,905.75	
2011 Appropriation Reserves	11-A	627,364.26	
Accounts Payable	12-A	29,916.02	
Special Emergency Notes	14-A	1,553,000.00	
Tax Overpayments	16-A	50,978.61	
Local School Taxes	17-A	4,852,383.50	
County Taxes	18-A	1,845,894.11	
Outside Liens Payable	19-A	664,726.04	
Payroll Deductions Payable	20-A	10,231.05	
Due to State of N.J. Marriage License	21-A	1,375.00	
Reserve for Insurance Claims	22-A	17,515.74	
Due to Current Fund	A,A-1	9,720.51	
Grants - Appropriated	8-A		267,208.87
		<u>23,237,010.59</u>	<u>267,208.87</u>
Balance, December 31, 2012	A	<u>\$ 6,819,600.51</u>	<u>\$ 39,070.19</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CHANGE FUND AND PETTY CASH FUND

Year ended December 31, 2012

	Balance December 31, <u>2012 and 2011</u>
Tax Collector	\$ 250.00
Municipal Court	150.00
Vital Statistics	25.00
Clerk	25.00
Police Records	<u>25.00</u>
	<u>\$ 475.00</u>
<u>Reference</u>	A

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

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

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	A		\$ 13,714.17
Increased By:			
Senior Citizens' Deductions per			
Tax Billings	3-A	\$ 24,750.00	
Veterans' Deductions per Tax Billings	3-A	57,250.00	
Senior Citizens' and Veterans' Deductions			
Allowed By Tax Collector	3-A	<u>2,750.00</u>	
			<u>84,750.00</u>
Decreased By:			98,464.17
Cash Received From State of New Jersey	1-A	78,925.91	
Senior Citizens' and Veterans' Deductions			
Disallowed By Tax Collector	3-A	2,673.66	
Senior Citizens' Disallowed - 2011	A-1,4-A	<u>1,750.00</u>	
			<u>83,349.57</u>
Balance, December 31, 2012	A		<u>\$ 15,114.60</u>

Calculation of Amount - Schedule of Taxes Receivable

Senior Citizens' Deductions per			
Tax Billings	3-A	\$ 24,750.00	
Veterans' Deductions per Tax Billings	3-A	57,250.00	
Senior Citizens' and Veterans' Deductions			
Allowed/(Disallowed) By Tax Collector	3-A	<u>76.34</u>	
Balance Applied To Taxes	4-A		<u>\$ 82,076.34</u>

CURRENT FUND

## SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year ended December 31, 2012

Year	Balance December 31, 2011	2012 Levy	2011	2012	Due From State of New Jersey	Transferred To Tax Title Liens	(Cancellations)/ Adjustments	Balance December 31, 2012
2011	\$ 601,732.29	\$ 17,091,389.38	\$ 65,299.42	\$ 568,787.81	\$ (1,750.00)	\$ 34,194.48	\$ (500.00)	\$ 707,663.61
2012	\$ 601,732.29	\$ 17,091,389.38	\$ 65,299.42	\$ 568,787.81	\$ 82,076.34	\$ 50,102.36	\$ (95,248.15)	\$ 707,663.61
Reference	A	4-A	15-A	1-A	3-A	5-A	4-A	A
<u>Analysis of Property Tax Levy</u>								
<u>Tax Yield</u>								
General Purpose Tax		4-A						
Added/ Omitted Taxes (R.S. 54-4-63, 1 et seq.)		4-A				\$ 17,088,237.30		
						<u>3,152.08</u>		
							<u>\$ 17,091,389.38</u>	
<u>Tax Levy</u>								
Local District School Tax		17-A			\$ 4,852,383.50			
County Taxes:								
County Tax		18-A		\$ 1,653,707.38				
County Library Tax		18-A		96,188.75				
County Open Space Tax		18-A		<u>95,896.38</u>				
					<u>1,845,792.51</u>			
						\$ 6,698,176.01		
Local Tax for Municipal Purposes		A-2			10,389,862.13			
Add: Additional Tax Levied		4-A			<u>3,361.24</u>			
						<u>10,393,213.37</u>		
							<u>\$ 17,091,389.38</u>	
<u>Analysis of Current Year Tax Collections</u>								
2011 Cash Collections of 2012 Taxes				\$ 65,299.42				
2012 Cash Collections of 2012 Taxes				<u>16,090,999.50</u>				
Veterans' and Senior Citizens' Deductions				<u>82,076.34</u>				
		A-1, A-2		<u>\$ 16,238,375.26</u>				

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	A		\$ 6,913.05
Increased By:			
Transfers From Taxes Receivable	4-A	\$ 84,296.84	
Interest and Costs at Tax Sale	5-A	<u>3,736.01</u>	
			<u>88,032.85</u>
			94,945.90
Decreased By:			
Cash Receipts	1-A		<u>4,366.32</u>
Balance, December 31, 2012	A		<u>\$ 90,579.58</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES

Year ended December 31, 2012

Reference

Balance, December 31, 2012 And 2011	A	<u>\$ 186,800.00</u>
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BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Year ended December 31, 2012

	Balance December 31, <u>2011</u>	Accrued in <u>2012</u>	<u>Collections</u>	Balance December 31, <u>2012</u>
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$	16,995.00	\$	16,995.00
Other		25,735.00		25,735.00
Fees and Permits		448,242.25		448,242.25
Fines and Costs:				
Municipal Court		383,371.05		383,371.05
Interest and Costs on Taxes		110,371.13		110,371.13
Parking Meters		126,462.57		126,462.57
Interest on Investments and Deposits		8,839.85		8,839.85
Anticipated Utility Operating Surplus		150,000.00		150,000.00
PILOT:				
Keansburg Housing Authority		5,207.00		5,207.00
Grandview Apartments		75,000.00		75,000.00
Rental of Borough Property		46,666.62		46,666.62
Omni Tower Rental		35,686.88		35,686.88
Consolidated Municipal Property Tax Relief Aid		629,120.00		629,120.00
Energy Receipts Tax (P.L. 1997, Chaps. 162 & 167)		1,196,511.00		1,196,511.00
Uniform Construction Code Fees		93,345.00		93,345.00
Other Special Items:				
Uniform Fire Safety Act		6,635.10		6,635.10
Cable TV Fees		108,426.36		108,426.36
Church Street Coro:				
PILOT McGrath Towers		11,005.00		11,005.00
PILOT Fallon Manor		7,436.00		7,436.00
	<u>\$ 0.00</u>	<u>\$ 3,485,055.81</u>	<u>\$ 3,485,055.81</u>	<u>\$ 0.00</u>
	A	7-A	A-2,1-A	A

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

Year ended December 31, 2012

		Balance December 31, 2011	Transferred From 2012 Budgets	Transferred From Encumbrances Payable	Expended	Cancelled	Balance December 31, 2012
Federal Grants:	2009	\$ 287.72					\$ 287.72
Local Law Enforcement Block Grant							
State Grants:	2012		\$ 60,000.00		\$ 60,000.00		
Safe & Secure	2012		186,712.00		186,712.00		
Safe & Secure-Match						\$ 4,199.00	
ADA Compliance	2003-2004	4,199.00					478.66
Alcoholic Education	2001-2009	478.66					11,168.08
Body Armor	2012		15,665.98		4,497.90		
Clean Communities	2010-2011	9,225.95		\$ 1,267.44	10,493.39		
Clean Communities	2011-2012		14,970.58		3,764.63		
Drunk Driving Enforcement Fund	2010	966.83			345.14		
Drunk Driving Enforcement Fund	2008-2009	2,388.02			458.25		
Municipal Road Mileage	2008-2009	11,568.40					11,205.95
Recreational Trails Program	2007-2008	1,709.25					621.69
Recycling Tonnage Grant	2008-2009	645.00				11,568.40	1,929.77
Smart Growth Grant	Not Available	117.00		292.56	292.56		1,709.25
Special Legislative Grant:					645.00		
Marina Facility	1998-1999	4,969.90				117.00	
County Grants (Pass Through):							4,969.90
Monmouth County - Municipal Alliance Grant	2010	7,348.20				7,348.20	
JAG Grant	2010	3,301.25				3,301.25	
		<u>\$ 47,205.18</u>	<u>\$ 277,348.56</u>	<u>\$ 1,560.00</u>	<u>\$ 267,208.87</u>	<u>\$ 26,533.85</u>	<u>\$ 32,371.02</u>
Reference	A			24-A	1-A	8-A	A
2012 Budget Appropriations	A-3		\$ 90,636.56				
Cash Receipts-Local Match	1-A		186,712.00				
			<u>\$ 277,348.56</u>				

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

Year ended December 31, 2012

	Balance December 31, <u>2011</u>	Cash <u>Received</u>	Transferred To Grants <u>Receivable</u>	Balance December 31, <u>2012</u>
Local Law Enforcement - Interest	\$ 41.88	\$ 4.97		\$ 46.85
DDEF	112.21	3,325.57		3,437.78
Body Armor	<u>7,947.23</u>	<u>3,214.54</u>	<u>\$ 7,947.23</u>	<u>3,214.54</u>
	<u>\$ 8,101.32</u>	<u>\$ 6,545.08</u>	<u>\$ 7,947.23</u>	<u>\$ 6,699.17</u>
<u>Reference</u>	A	1-A	23-A	A

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

Year ended December 31, 2012

<u>Description</u>	Balance December 31, <u>2011</u>	Increased <u>By</u>	Decreased <u>By</u>	Balance December 31, <u>2012</u>
Special Emergency Authorization: 06/06/11 Insurance Claims	\$ 159,000.00		\$ 53,000.00	\$ 106,000.00
Special Emergency Authorization: 11/10/12 Superstorm Sandy	<u>                    </u>	<u>\$ 3,000,000.00</u>	<u>                    </u>	<u>3,000,000.00</u>
	<u>\$ 159,000.00</u>	<u>\$ 3,000,000.00</u>	<u>\$ 53,000.00</u>	<u>\$ 3,106,000.00</u>
<u>Reference</u>	A	A-3,A-1	A-3	A

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

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CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

Year ended December 31, 2012

	Balance, December 31, <u>2011</u>	Balance after <u>Modifications</u>	Paid or <u>Charged</u>	<u>Lapsed</u>
<b>GENERAL GOVERNMENT</b>				
Borough Council:				
Other Expenses	\$ 52.45	\$ 109.45	\$ 57.00	\$ 52.45
Office of the Borough Manager:				
Salaries and Wages	3,906.42	3,906.42		3,906.42
Other Expenses	1,912.43	2,670.29	765.93	1,904.36
Office of the Borough Clerk:				
Salaries and Wages	1,963.90	1,963.90		1,963.90
Other Expenses	3,425.98	8,044.26	5,741.78	2,302.48
Legal Services and Costs:				
Other Expenses	23,289.81	23,289.81	5,904.00	17,385.81
Elections:				
Other Expenses	3,972.07	5,572.07	1,600.00	3,972.07
<b>DEPARTMENT OF FINANCE</b>				
Office of Director of Finance:				
Salaries and Wages	7,230.92	7,230.92		7,230.92
Other Expenses	57.01	357.01	300.00	57.01
Annual Audit	17,100.00	17,100.00	17,100.00	
Division of Tax Collector:				
Salaries and Wages	20,451.11	20,451.11		20,451.11
Other Expenses	729.46	945.46	334.00	611.46
Division of Tax Assessor::				
Salaries and Wages	2,762.54	2,762.54		2,762.54
Other Expenses	25.52	75.27	49.75	25.52
<b>DEPARTMENT OF PUBLIC SAFETY</b>				
Division of Police Bureau of Traffic and Patrol:				
Salaries and Wages	45,917.75	45,917.75	28,431.89	17,485.86
Dispatcher Salaries and Wages	175.89	175.89	175.00	0.89
Other Expenses	682.71	13,890.74	13,580.79	309.95
Detective Bureau:				
Other Expenses	204.34	2,903.01	2,647.23	255.78
Bureau of Street Crossing Guards:				
Salaries and Wages	4,873.22	4,873.22		4,873.22
Other Expenses	55.30	55.30		55.30
<b>DIVISION OF FIRE</b>				
Emergency Management				
Salaries and Wages	0.24	0.24		0.24
Fire Department:				
Other Expenses	326.06	35,982.38	35,584.46	397.92
Division of Fire				
Other Expenses	5.02	3,347.56	3,286.60	60.96
<b>UNIFORM CONSTRUCTION CODE</b>				
Code Enforcement:				
Salaries and Wages	12,337.09	12,337.09		12,337.09
Other Expenses	45.78	238.58	192.80	45.78
Uniform Safety Act:				
Salaries and Wages	73.70	73.70		73.70
Other Expenses	398.46	398.46		398.46

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

Schedule 11-A  
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CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

Year ended December 31, 2012

	Balance, December 31, <u>2011</u>	Balance after <u>Modifications</u>	Paid or <u>Charged</u>	<u>Lapsed</u>
<b>DEPARTMENT OF ENGINEERING AND PUBLIC WORKS</b>				
Division of Engineering:				
Other Expenses	10,119.07	14,517.76	12,691.41	1,826.35
Division of Streets and Roads:				
Salaries and Wages	24,219.99	24,219.99	328.73	23,891.26
Other Expenses	776.15	8,981.39	5,038.39	3,943.00
Division of Snow Removal:				
Salaries and Wages	16,261.66	16,261.66		16,261.66
Other Expenses	6,446.14	6,446.14	2,824.48	3,621.66
Division of Parking Meter Maintenance:				
Salaries and Wages	13.00	13.00		13.00
Division of Buildings and Grounds:				
Other Expenses	2,144.75	9,816.32	8,978.34	837.98
Municipal Garage:				
Salaries and Wages	7,148.50	7,148.50	527.23	6,621.27
Other Expenses	2,858.41	9,799.66	3,847.99	5,951.67
Sanitation:				
Contract	32,773.00	66,365.00	66,365.00	
Landfill Solid Waste Disposal Fees	40,006.94	75,152.26	60,338.98	14,813.28
<b>DEPARTMENT OF HEALTH AND WELFARE</b>				
Division of Health:				
Salaries and Wages	906.73	906.73		906.73
Other Expenses	332.77	536.00	163.23	372.77
Dog Regulation	3,969.98	7,141.00	6,239.04	901.96
<b>DEPARTMENT OF RECREATION PARKS AND PLAYGROUNDS</b>				
Division of Recreation Parks and Playgrounds:				
Other Expenses	4,035.27	8,235.17	3,809.14	4,426.03
Celebration of Public Events:				
Other Expenses	458.00	458.00		458.00
Historical Society:				
Other Expenses	499.00	499.00		499.00
<b>MUNICIPAL PROSECUTOR</b>				
Salaries and Wages	3,576.93	3,576.93		3,576.93
<b>OTHER MUNICIPAL OPERATIONS</b>				
<b>MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D-1)</b>				
Planning Board of Adjustment:				
Salaries and Wages	879.48	879.48		879.48
Other Expenses	1,204.23	3,098.06	2,976.27	121.79
<b>INSURANCES: N.J.S.A. 40A:4-45.3(00)</b>				
Group Insurance Plan for Employees	228,681.16	399,620.00	260,200.48	139,419.52
Group Salary Insurance	15,850.81	15,850.81	7,549.75	8,301.06
Other Insurance - Liability Insurance	14,298.13	14,787.62	7,660.47	7,127.15
Disability Insurance	24,758.50	24,758.50	1,013.52	23,744.98

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

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CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

Year ended December 31, 2012

	Balance, December 31, 2011	Balance after Modifications	Paid or Charged	Lapsed
SENIOR CITIZENS				
Transportation of Senior Citizens:				
Other Expenses	2,550.00	2,930.00	2,560.00	370.00
MUNICIPAL COURT				
Salaries and Wages	26,940.10	26,940.10		26,940.10
Other Expenses	1.86	1,096.45	1,074.77	21.68
MUNICIPAL LIBRARY				
Salaries and Wages	20,353.06	20,353.06		20,353.06
Other Expenses	759.14	759.14	705.64	53.50
PUBLIC EMPLOYEES OCCUPATIONAL SAFETY AND HEALTH ACT				
Board of Health:				
Other Expenses	1,000.00	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	2,234.72	2,234.72		2,234.72
Other Expenses	237.89	675.70	437.81	237.89
UNCLASSIFIED				
Utilities:				
Electricity	8,155.89	18,655.80	14,737.17	3,918.63
Street Lighting	4,966.74	24,747.66	19,488.10	5,259.56
Telephone	785.56	10,001.92	10,001.64	0.28
Natural Gas	1,302.73	10,783.56	5,670.21	5,113.35
Telecommunications Costs	4,153.46	4,243.86	443.04	3,800.82
Gasoline and Fuel Oil	11,022.86	23,022.90	9,942.20	13,080.70
Statutory Expenditures:				
Contribution To:				
Social Security System (O.A.S.I.)	66,219.14	66,219.14		66,219.14
Length of Service Award Program ("LOSAP")	4,400.00	4,400.00		4,400.00
Total General Appropriations	<u>\$ 749,276.93</u>	<u>\$ 1,151,805.42</u>	<u>\$ 631,364.26</u>	<u>\$ 520,441.16</u>
	Reference	A		A-1
2011 Appropriation Reserves	11-A	\$ 749,276.93		
Encumbrances Payable	13-A	<u>402,528.49</u>		
		<u>\$ 1,151,805.42</u>		
Cash Disbursements	1-A		\$ 627,364.26	
Transferred to Accounts Payable	12-A		<u>4,000.00</u>	
			<u>\$ 631,364.26</u>	

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	A		\$ 32,424.58
Increased By:			
Transferred From Current Appropriations	A-3	\$ 4,000.00	
Transferred From Appropriation Reserves	11-A	<u>4,000.00</u>	
			<u>8,000.00</u>
			40,424.58
Decreased By:			
Cash Disbursements	1-A	29,916.02	
Cancelled	A-1	<u>4,000.00</u>	
			<u>33,916.02</u>
Balance, December 31, 2012	A		<u>\$ 6,508.56</u>



BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2012

Reference

Balance, December 31, 2011	A	\$ 402,528.49
Increased By:		
Transferred From Appropriation	A-3	<u>2,579,566.53</u>
		2,982,095.02
Decreased By:		
Transferred To Appropriation Reserves	11-A	<u>402,528.49</u>
Balance, December 31, 2012	A	<u><u>\$ 2,579,566.53</u></u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF NOTES PAYABLE

Year ended December 31, 2012

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance December 31, 2012</u>
Special Emergency Note Payable	08/15/12	08/14/13	1.15%	\$ 159,000.00		\$ 53,000.00	\$ 106,000.00
Special Emergency Note Payable	12/14/12	12/13/13	1.15%		\$ 3,000,000.00		3,000,000.00
Tax Anticipation Note	07/31/12	02/27/13	1.50%	<u>1,500,000.00</u>	<u>1,500,000.00</u>	<u>1,500,000.00</u>	<u>1,500,000.00</u>
				<u>\$ 1,659,000.00</u>	<u>\$ 4,500,000.00</u>	<u>\$ 1,553,000.00</u>	<u>\$ 4,606,000.00</u>
	<u>Reference</u>			<u>A</u>	<u>1-A</u>	<u>1-A</u>	<u>A</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF PREPAID TAXES

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	A	\$ 65,299.42
Increased By:		
Collection of 2013 Taxes	1-A	<u>102,523.85</u>
		167,823.27
Decreased By:		
Applied To 2012 Taxes	4-A	<u>65,299.42</u>
Balance, December 31, 2012	A	<u><u>\$ 102,523.85</u></u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF PROPERTY TAX OVERPAYMENTS

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	A	\$ 0.00
Increased By:		
2012 Tax Overpayments	1-A	<u>50,978.61</u>
		50,978.61
Decreased By:		
Tax Overpayments Refunded	1-A	<u>50,978.61</u>
Balance, December 31, 2012	A	<u>\$ 0.00</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF LOCAL SCHOOL DISTRICT TAX PAYABLE

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	A	\$ 0.00
Increased By:		
Levy Calendar Year 2012	A-1,4-A	<u>4,852,383.50</u>
		4,852,383.50
Decreased By:		
Cash Disbursed	1-A	<u>4,852,383.50</u>
Balance, December 31, 2012	A	<u>\$ 0.00</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	A	\$	101.60
Increased By:			
2012 Tax Levy:			
County Tax	4-A	\$	1,653,707.38
County Library Tax	4-A		96,188.75
County Open Space Fund Tax	4-A		95,896.38
	A-1		<u>1,845,792.51</u>
			1,845,894.11
Decreased By:			
Cash Disbursements	1-A		<u>1,845,894.11</u>
Balance, December 31, 2012	A	\$	<u>0.00</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF OUTSIDE LIENS PAYABLE

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	A	\$ 61,692.84
Increased By:		
Cash Receipts	1-A	<u>613,676.38</u>
		675,369.22
Decreased By:		
Cash Disbursements	1-A	<u>664,726.04</u>
Balance, December 31, 2012	A	<u><u>\$ 10,643.18</u></u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	A	\$ 69,187.44
Cash Disbursements	1-A	<u>10,231.05</u>
Balance, December 31, 2012	A	<u>\$ 58,956.39</u>



BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO STATE

Year ended December 31, 2012

	Balance December 31, <u>2011</u>	Cash <u>Receipts</u>	<u>Decreased</u>	Balance December 31, <u>2012</u>
Marriage Licenses	<u>\$ 325.00</u>	<u>\$ 1,175.00</u>	<u>\$ 1,375.00</u>	<u>\$ 125.00</u>
	<u><u>\$ 325.00</u></u>	<u><u>\$ 1,175.00</u></u>	<u><u>\$ 1,375.00</u></u>	<u><u>\$ 125.00</u></u>
<u>Reference</u>	A	1-A	1-A	A

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF VARIOUS RESERVES

Year ended December 31, 2012

	Balance December 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2012</u>
Revaluation	\$ 24,614.75			\$ 24,614.75
Emergency-Insurance Claims	17,515.74		\$ 17,515.74	
FEMA - Reimbursements		\$ 791,264.45		791,264.45
	<u>\$ 42,130.49</u>	<u>\$ 791,264.45</u>	<u>\$ 17,515.74</u>	<u>\$ 815,879.20</u>
<u>Reference</u>	A	1-A	1-A	A

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

Year ended December 31, 2012

	Balance December 31, <u>2011</u>	Budget Revenue <u>Realized</u>	<u>Received</u>	Transferred From <u>Unappropriated</u>	<u>Cancelled</u>	Balance December 31, <u>2012</u>
State Programs						
ADA Compliance	\$ 4,199.00				\$ 4,199.00	
Safe and Secure Grant		\$ 60,000.00	\$ 60,000.00			
Clean Communities		14,970.58	14,970.58			
Municipal Stormwater Grant	2,552.00				2,552.00	
Smart Growth	25,000.00				25,000.00	
Body Armor Grant		15,665.98	7,718.75	\$ 7,947.23		
County - JAG Grant	3,300.50				3,300.50	
County Programs:						
Monmouth County - Alliance Grant	<u>1,202.86</u>				<u>1,202.86</u>	
	<u>\$ 36,254.36</u>	<u>\$ 90,636.56</u>	<u>\$ 82,689.33</u>	<u>\$ 7,947.23</u>	<u>\$ 36,254.36</u>	<u>\$ 0.00</u>
<u>Reference</u>	A	A-2	1-A	9-A		A

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

## GRANT FUND

## SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	A	\$ 1,560.00
Decreased By:		
Transferred To Grants Appropriated	8-A	<u>1,560.00</u>
Balance, December 31, 2012	A	<u>\$ 0.00</u>

TRUST FUND  
SCHEDULES

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

SCHEDULE OF CASH

Year ended December 31, 2012

	<u>Reference</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance, December 31, 2011	B	<u>\$ 6,497.27</u>	<u>\$ 588,212.42</u>
Increased By Receipts:			
Due To State of New Jersey	2-B	808.20	
Dog License Fees	3-B	2,974.15	
Various Reserves	4-B	<u>                    </u>	<u>485,221.28</u>
		<u>3,782.35</u>	<u>485,221.28</u>
		<u>10,279.62</u>	<u>1,073,433.70</u>
Decreased By Disbursements:			
N.J. State Department of Health	2-B	783.60	
Dog License Expenditures	3-B	3,713.20	
Various Reserves	4-B	<u>                    </u>	<u>426,198.85</u>
		<u>4,496.80</u>	<u>426,198.85</u>
Balance, December 31, 2012	B	<u><u>\$ 5,782.82</u></u>	<u><u>\$ 647,234.85</u></u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	B	\$ 16.80
Increased By:		
State Registration Fees	1-B	<u>808.20</u>
		825.00
Decreased By:		
Disbursed To State	1-B	<u>783.60</u>
Balance, December 31, 2012	B	<u><u>\$ 41.40</u></u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	B		\$ 6,530.47
Increased By:			
License Fees Collected - 2012		\$ 2,957.60	
Interest		<u>16.55</u>	
	1-B		<u>2,974.15</u>
			9,504.62
Decreased By:			
Expenditures Per R.S. 4:19-15.11	1-B		<u>3,713.20</u>
Balance, December 31, 2012	B		<u><u>\$ 5,791.42</u></u>

	<u>License Fees Collected</u>
2011	\$ 4,205.20
2010	<u>3,109.20</u>
	<u><u>\$ 7,314.40</u></u>



BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUND

SCHEDULE OF RESERVE FOR VARIOUS TRUST FUNDS

Year ended December 31, 2012

	Balance December 31, <u>2011</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2012</u>
Street Opening Deposits	\$ 16,440.00		\$ 16,440.00	
Tax Sale Premiums	139,600.00	\$ 11,700.00	70,000.00	\$ 81,300.00
Omni Lease Deposit	29,218.37	74,225.47	2,913.50	100,530.34
Property Sale Deposits	100.00		100.00	
Recycling	45,772.30	27,774.33	26,569.67	46,976.96
Recreation Activities and Programs	2,564.22	14,941.73	10,468.61	7,037.34
Art Program	12,461.87	15,353.45	23,265.09	4,550.23
Library Fees	1,643.23			1,643.23
Tree Beautification	435.70			435.70
Public Defender Fees	5,854.83	8,308.00	5,000.04	9,162.79
Alliance	1,116.21		1,116.21	
Parking Offenses Adjudication Act	20,606.01	3,003.00	5,349.61	18,259.40
Off Duty Police	41,057.57	96,487.88	88,387.50	49,157.95
Forfeiture Funds	3,680.76			3,680.76
Law Enforcement Trust	9,865.01	6,289.40		16,154.41
Unemployment Compensation				
Insurance	26,397.12	40.75	15,346.50	11,091.37
Escrow Deposits	85,503.22	82,176.95	40,655.36	127,024.81
Performance Bonds/Engineering				
Fees	60,714.52		39,677.31	21,037.21
Workers Compensation	17,849.51	125,876.53	80,909.45	62,816.59
Reserve for:				
Interest	251.13			251.13
Redevelopment	13,908.08	28.38		13,936.46
Snow Removal	53,172.76			53,172.76
Fire Safety		1,100.00		1,100.00
Hurricane Sandy Relief		12,430.84		12,430.84
Escrow Deposits - Safe Keeping	5,484.57	5,484.57		5,484.57
	<u>\$ 588,212.42</u>	<u>\$ 485,221.28</u>	<u>\$ 426,198.85</u>	<u>\$ 647,234.85</u>
<u>Reference</u>	B	1-B	1-B	B

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF RESERVE FOR FUNDS HELD BY TRUSTEE

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	B		\$ 195,957.74
Increased By:			
Borough Contributions		\$ 53,700.00	
Appreciation on Investments		<u>9,756.89</u>	
	6-B		<u>63,456.89</u>
			259,414.63
Decreased By:			
Withdrawals	6-B	25,966.57	
Loss on Investments	6-B	<u>3,347.93</u>	<u>29,314.50</u>
Balance, December 31, 2012	B		<u>\$ 230,100.13</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF INVESTMENTS

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	B		\$ 195,957.74
Increased By:			
Borough Contributions		\$ 53,700.00	
Appreciation on Investments		<u>9,756.89</u>	
	5-B		<u>63,456.89</u>
			259,414.63
Decreased By:			
Withdrawals	5-B	25,966.57	
Accounting Charges	5-B	<u>3,347.93</u>	
			<u>29,314.50</u>
Balance, December 31, 2012	B		<u>\$ 230,100.13</u>

GENERAL CAPITAL FUND  
SCHEDULES

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CASH AND INVESTMENTS - TREASURER

Year ended December 31, 2012

Reference

Balance, December 31, 2011	C		\$ 98,360.28
Increased By:			
Premium on BAN Sale	C-1	\$ 478.00	
Grants Receivable	5-C	176,409.00	
Bond Anticipation Notes	8-C	1,469,890.00	
Miscellaneous Reserves	15-C	<u>159,813.54</u>	
			<u>1,806,590.54</u>
			1,904,950.82
Decreased By:			
Bond Anticipation Notes	8-C	664,890.00	
Improvement Authorizations	13-C	1,083,733.28	
Miscellaneous Reserves	15-C	<u>16,260.04</u>	
			<u>1,764,883.32</u>
Balance, December 31, 2012	C		<u>\$ 140,067.50</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL FUND CASH

Year ended December 31, 2012

	Balance December 31, <u>2012</u>
Capital Improvement Fund	\$ 10,576.67
State, Federal, Local Grants Receivable	(1,518,376.80)
Due From:	
Monmouth County Improvement Authority	(32,766.91)
Reserve for:	
Encumbrances	50,182.63
Interest on RCA Funds	29,018.16
Refunding Bonds - Cost of Issuance	58,636.23
Fund Balance	26,663.89

<u>Ordinance Number</u>	<u>Improvement Description</u>	
1062/1253/1372	RCA Holmdel Mt. Laurel Housing	49,715.08
1145	Removal of Underground Storage Tank	(17,637.33)
1184	Reconstruction of Twilight Avenue	(1,567.44)
1210/1272	Improvements - St. John's Park	(143,961.00)
1230	Reconstruction of Seeley Avenue	1,014.27
1320	Improvements to Carr Avenue	45,550.63
1322	Improvements to Center, Raritan and Seabreeze	109,191.24
1324	Demolition of Buildings	20,252.50
1325	Construction of Library and Recreation Fields	53,302.76
1345	Waterfront Bicycle and Pedestrian Corridor	25,340.75
1347/1382	Raritan Avenue Reconstruction	0.63
1348	Laurel Avenue Reconstruction	1,593.58
1351	Acquisition of Waterfront Park	230,171.24
1352/1426	St. John's Park	80,635.60
1370	Various Road Improvements	2,157.54
1372	Various Road Improvements	6,710.06
1394	Improvements to Police Station	854.50
1416/1442	Roadway Reconstruction Hancock/Freeze Ave. Sidewalk Constr.	1,355.48
1428	Various Improvements and Equipment - Borough Hall	43.06
1432	Reconstruction and Improvements to Highland Blvd.	33,530.91
1433/1455	Reconstruction and Improvements to Various Roads	89.14
1434	Various Capital Improvements	0.88
1448	Acquisition Fire Truck/Energy Efficient Devices	28,524.41
1467	Improvements to Storm Water System	30,936.59
1477	Improvements Main Street Business	58,251.03
1481	Various Storm Facility Improvements	1,298.90
1484	Improvements Highland Blvd./Center Ave.	32,955.80
1494	Improvements to Parks and Playgrounds	5,681.25
1508	Improvements to Various Roads-Raritan, Oak	18,174.13
1510	Improvements to Main St. Business Area	85,840.16
1522	Terrace Place Vacinity Road Improvements	285,999.27
1523	Sinkhole Improvements	58,089.00
1524	Various Road Improvement	90,000.00
1525	Park Improvements	59,012.51
1526	Bulkhead Creek Rd/Laurel	263,026.50
		<u>\$ 140,067.50</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	C	\$ 9,149,162.30
Increased By:		
Serial Bonds Issued	4-C	<u>1,690,000.00</u>
		10,839,162.30
Decreased By:		
Serial Bonds Paid	7-C	\$ 2,025,000.00
M.C.I.A. Leases Paid	9-C	275,500.00
N.J.E.I.T. Loan Paid	10-C	158,616.21
Green Trust Loan Paid	11-C	54,239.58
Demolition Loan Paid	12-C	<u>5,223.00</u>
		<u>2,518,578.79</u>
Balance, December 31, 2012		<u><u>\$ 8,320,583.51</u></u>

Analysis of Balance

Funded	C	\$ 7,699,583.51
Funded-Leases	C	<u>621,000.00</u>
		<u><u>\$ 8,320,583.51</u></u>

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

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Year ended December 31, 2012

Ordinance Number	Improvement Description	Balance December 31, 2011	2012 Authorizations	Funded By Grants and Contributions	Funded By Capital Improvement Fund	Balance December 31, 2012	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1145	Removal of Underground Storage Tanks	\$ 25,000.00				\$ 25,000.00		\$ 17,637.33	\$ 7,362.67
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	
1320	Improvements to Carr Ave.	337.00				337.00			337.00
1322	Improvements to Center, Raritan and Seabreeze	1,950.00				1,950.00			1,950.00
1352-1426	St. John's Park	105.00				105.00			105.00
1448	Acquisition Fire Truck/Energy Efficient Devices	57,143.00				57,143.00	\$ 57,143.00		
1477	Improvements Main Street Business	422,747.00				422,747.00	422,747.00		
1484	Improvements Highland Blvd./Center Ave.	250,000.00				250,000.00	250,000.00		
1494	Improvements to Parks and Playgrounds	110,000.00				110,000.00	110,000.00		
1508	Improvements to Various Roads-Raritan,Oak	380,000.00				380,000.00	380,000.00		
1510	Improvements to Main St. Business Area	250,000.00				250,000.00	250,000.00		253,290.00
1522	Terrace Place Vacinity Road Improvements		\$ 640,000.00	\$ 386,710.00		253,290.00			31,911.00
1523	Sinkhole Improvements		90,000.00	56,409.00	\$ 1,680.00	31,911.00			1,710,000.00
1524	Various Road Improvement		1,800,000.00		90,000.00	1,710,000.00			120,000.00
1525	Park Improvements		200,000.00	80,000.00		120,000.00			426,973.50
1526	Bulkhead Creek Rd/Laurel		690,000.00	228,526.50	34,500.00				
		<u>\$ 1,022,003.00</u>	<u>\$ 3,420,000.00</u>	<u>\$ 751,645.50</u>	<u>\$ 126,180.00</u>	<u>\$ 4,194,177.50</u>	<u>\$ 1,469,890.00</u>	<u>\$ 163,165.77</u>	<u>\$ 2,561,121.73</u>
			13-C	5-C	15-C	C	8-C	2-C	
			Improvement Authorizations - Unfunded						
			Less: Unexpended Proceeds of Bond Anticipation Notes - Issued:						
			1448						\$ 2,762,024.10
			1477						57,143.00
			1484						1,108.03
			1494						32,955.80
			1508						5,681.25
			1510						18,174.13
									85,840.16
									<u>\$ 2,561,121.73</u>



BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF STATE, FEDERAL, AND LOCAL GRANTS RECEIVABLE

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	C	\$ 943,140.30
Increased By:		
Grant Awards	4-C	<u>751,645.50</u>
		1,694,785.80
Decreased By:		
Cash Receipts	1-C	<u>176,409.00</u>
Balance, December 31, 2012	C	<u><u>\$ 1,518,376.80</u></u>

<u>Analysis of Balance</u>	<u>Ordinance Number</u>	
D.O.T. Grant:		
Waterfront Bicycle & Pedestrian Corridor	1346	\$ 62,500.00
Raritan Ave Reconstruction	1347	53,359.87
Laurel Ave Reconstruction	1348	55,140.78
Various Road Improvements	1372	29,451.55
Improvement Main St. Businesses	1477	(2,253.00)
Improvements to Parks and Playgrounds	1494	80,000.00
Improvements to Various Roads-Raritan,Oak	1508	104,000.00
Improvements to Main St. Business Area	1510	40,000.00
Road Improvements	1522	200,000.00
NJ DCA - Demolition of Buildings	1324	3,831.00
CDBG - Road Improvements	1522	186,710.00
CDBG - Improvement Main St. Businesses	1477	125,075.10
	1525	80,000.00
FEMA - Sinkhole	1523	
FEMA - Bulkhead	1526	228,526.50
Green Trust Program:		
Acquisition of Waterfront Park	1351	272,000.00
St John's Park	1352/1426	<u>35.00</u>
		<u><u>\$ 1,518,376.80</u></u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF ENCUMBERANCES PAYABLE

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	C	\$ 66,718.42
Increased By:		
Transferred From Improvement Authorizations	13-C	<u>50,182.63</u>
		116,901.05
Decreased By:		
Transferred To Improvement Authorizations	13-C	<u>66,718.42</u>
Balance, December 31, 2012	C	<u><u>\$ 50,182.63</u></u>



BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

Year ended December 31, 2012

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Maturity	Interest Rate	Balance December 31, 2011	Increase	Decrease	Balance December 31, 2012
1448	Acquisition Fire Truck/Energy Efficient Devices	06/30/10	06/27/12	1.50%	\$ 57,143.00	\$ 57,143.00	\$ 57,143.00	\$ 57,143.00
1477	Improvements Main Street Business	06/30/10	06/27/12	1.50%	422,747.00	422,747.00	422,747.00	422,747.00
1484	Improvements Highland Blvd./Center Ave.	06/30/10	06/27/12	1.50%	75,000.00	75,000.00	75,000.00	75,000.00
1494	Improvements to Parks and Playgrounds	06/30/10	06/27/12	1.50%	110,000.00	110,000.00	110,000.00	110,000.00
1510	Improvements to Main Street	06/27/12	06/27/12	1.50%	250,000.00	250,000.00		250,000.00
1508	Improvements to Various Roads	06/27/12	06/27/12	1.50%	380,000.00	380,000.00		380,000.00
1484	Improvements Highland Blvd./Center Ave.	06/27/12	06/27/12	1.50%		175,000.00		175,000.00
					<u>\$ 664,890.00</u>	<u>\$ 1,469,890.00</u>	<u>\$ 664,890.00</u>	<u>\$ 1,469,890.00</u>
				<u>Reference</u>	C	1-C, 16-C	1-C	C

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF MCIA EQUIPMENT LEASE PURCHASE OBLIGATIONS PAYABLE

Year ended December 31, 2012

<u>Purpose</u>	<u>Original Issue</u>	<u>Outstanding</u> <u>December 31, 2012</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>December 31,</u> <u>2011</u>	<u>Decreased</u>	<u>Balance</u> <u>December 31,</u> <u>2012</u>
		<u>Date</u>	<u>Amount</u>				
2003 Series	1,074,600.00	09/01/13	\$ 129,000.00	5.00%	\$ 253,500.00	\$ 124,500.00	\$ 129,000.00
2005 Series	828,100.00	09/01/13	71,400.00	5.00%	293,000.00	68,000.00	225,000.00
		09/01/14	74,900.00	5.00%			
		09/01/15	78,700.00	5.00%			
2009 Series	503,000.00	10/01/13	59,000.00	5.00%	350,000.00	83,000.00	267,000.00
		10/01/14	63,000.00	4.00%			
		10/01/15	27,000.00	4.00%			
		10/01/16	28,000.00	4.00%			
		10/01/17	29,000.00	4.25%			
		10/01/18	30,000.00	4.25%			
		10/01/19	31,000.00	4.25%			
					<u>\$ 896,500.00</u>	<u>\$ 275,500.00</u>	<u>\$ 621,000.00</u>
		<u>Reference</u>			C	3-C	C

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL LOAN PAYABLE - NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

Year ended December 31, 2012

<u>Project Description</u>	<u>Drawdown Date</u>	<u>Amount of Loan</u>	<u>Calendar Year</u>	<u>Total</u>		<u>Balance December 31, 2011</u>	<u>Decreased</u>	<u>Balance December 31, 2012</u>
				<u>Principal Amount</u>	<u>Interest Amount</u>			
Drainage Improvements	10/15/01	\$ 2,910,000.00	2012	\$ 147,497.54	\$ 44,056.26			
			2013	153,258.71	40,306.26			
			2014	158,867.64	36,306.26			
			2015	164,324.34	32,056.26			
			2016	169,560.30	27,443.76			
			2017	174,640.22	22,575.00			
			2018	179,487.99	17,325.00			
			2019	184,175.91	11,812.50			
			2020	188,704.17	6,037.50	\$ 1,520,516.82	\$ 147,497.54	\$ 1,373,019.28
Drainage Improvements	10/15/01	276,422.00	2012	11,118.67	4,500.00			
			2013	10,941.55	4,225.00			
			2014	18,984.79	3,950.00			
			2015	18,662.75	3,450.00			
			2016	18,340.72	2,950.00			
			2017	18,018.68	2,450.00			
			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	164,937.83	11,118.67	153,819.16
						<u>\$ 1,685,454.65</u>	<u>\$ 158,616.21</u>	<u>\$ 1,526,838.44</u>

Reference C 3-C C

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

## GENERAL CAPITAL FUND

## SCHEDULE OF GENERAL CAPITAL LOAN PAYABLE - GREEN ACRES LOAN

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	C	\$ 467,207.65
Decreased By:		
Paid By Current Fund	3-C	<u>54,239.58</u>
Balance, December 31, 2012	C	<u>\$ 412,968.07</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

## GENERAL CAPITAL FUND

## SCHEDULE OF GENERAL CAPITAL LOAN PAYABLE - DEMOLITION LOAN

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	C	\$ 13,000.00
Decreased By:		
Paid By Current Fund	3-C	<u>5,223.00</u>
Balance, December 31, 2012	C	<u>\$ 7,777.00</u>



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

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year ended December 31, 2012

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance December 31, 2011		2012 Authorizations	Transferred From Encumbrances Payable		Expended	Transferred To Encumbrances Payable		Cancelled		Balance December 31, 2012	
				Funded	Unfunded									Funded	Unfunded
1371	RCA Holmdel Mt. Laurel Housing	03/09/05	\$ 169,788.79	\$ 49,715.08	\$ 7,362.67									\$ 49,715.08	\$ 7,362.67
1145	Removal of Underground Storage Tank	08/31/93	75,000.00		9,192.56										9,192.56
1184	Reconstruction of Twilight Avenue	06/20/95	560,000.00												
1230	Reconstruction of Seely Avenue	04/14/98	185,000.00	1,014.27										1,014.27	
1320	Improvements to Carr Avenue	01/22/02	410,000.00	45,550.63	337.00									45,550.63	337.00
1322	Improvements to Center, Raritan and Seabreeze	02/12/02	750,000.00	125,372.40	1,950.00									109,191.24	1,950.00
1324	Demolition of Buildings	06/06/02	68,250.00	29,752.50										20,252.50	
1325	Construction of Library and Recreation Fields	06/06/02	1,800,000.00	53,302.76										53,302.76	
1346	Waterfront Bicycle and Pedestrian Corridor	10/23/03	520,200.00	25,340.75										25,340.75	
1382	Raritan Avenue Reconstruction	08/24/05	175,000.00	59,802.46										1,593.58	
1348	Laurel Avenue Reconstruction	10/23/03	304,278.00	1,593.58										230,171.24	105.00
1351	Acquisition of Waterfront Park	11/13/03	544,000.00	230,171.24										80,635.60	
1352/1426	St. John's Park	11/13/03	201,106.00	80,635.60	105.00									2,157.54	
1370	Various Road Improvements	03/09/05	1,000,000.00	10,514.58										6,710.06	
1372	Various Road Improvements	04/05/05	248,000.00											854.50	
1394	Improvements to Police Station	09/28/05	75,000.00	854.50											
1416/	Roadway Reconstruction Hancock/Freeze Ave.		315,000.00												
1442	Sidewalk Constr. Monmouth Road	06/27/07	75,000.00	1,355.48										1,355.48	
1428	Various Improvements & Equipment - Boro Hall	SFY 2008	22,000.00	563.81										43.06	
1432	Reconstruction & Improvements to Highland Blvd.	SFY 2008	310,000.00	1.91										33,530.91	
1433/1455	Reconstruction & Improvements to Various Roads	SFY 2008	600,000.00	89.14										89.14	
1434	Various Capital Improvements	SFY 2008	200,000.00	24,389.08										0.88	
1448	Acquisition Fire Truck/Energy Efficient Devices	SFY 2008	625,000.00	28,524.41	57,143.00									28,524.41	57,143.00
1467	Improvements to Storm Water System	SFY 2009	585,000.00	33,523.67										30,936.59	
1477	Improvements Main Street Business	SFY 2009	795,000.00		72,982.56										1,108.03
1481	Various Storm Facility Improvements	SFY 2009	390,000.00	4,783.39										1,298.90	
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		7,581.25									5,681.25	
1508	Improvements to Various Roads-Raritan, Oak	08/24/11	504,000.00	124,000.00										18,174.13	
1510	Improvements to Main St. Business Area		410,000.00	160,000.00	250,000.00									85,840.16	
1522	Terrace Place Vacinity Road Improvements	08/24/11				\$ 640,000.00								285,999.27	253,290.00
1523	Sinkhole Improvements					90,000.00								58,089.00	31,911.00
1524	Various Road Improvement					1,800,000.00								90,000.00	1,710,000.00
1525	Park Improvements					200,000.00								59,012.51	120,000.00
1526	Bulkhead Creek Rd/Laurel					690,000.00								263,026.50	426,973.50
Reference				\$ 1,093,008.78	\$ 819,609.84	\$ 3,420,000.00	\$ 66,718.42	\$ 1,083,733.28	\$ 50,182.63	\$ 25,000.00	\$ 1,478,397.03	\$ 2,762,024.10	C	C	C,4-C

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DUE FROM M.C.I.A.

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2012 and 2011	C	<u>\$ 32,766.91</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF MISCELLANEOUS RESERVES

Year ended December 31, 2012

	Balance December 31, 2011	Increased	Decreased	Balance December 31, 2012
Reserve for:				
Capital Improvement Fund	\$ 26,256.67	\$ 85,000.00	\$ 100,680.00	\$ 10,576.67
Interest on RCA Funds	29,100.89	7.31	90.04	29,018.16
Refunding Bonds - Cost of Issuance		74,806.23	16,170.00	58,636.23
Capital Improvements - Sale of Assets	<u>25,500.00</u>		<u>25,500.00</u>	
	<u>80,857.56</u>	<u>\$ 159,813.54</u>	<u>142,440.04</u>	<u>\$ 98,231.06</u>
	Reference	C		C
Cash Disbursements	1-C		\$ 16,260.04	
Deferred Charges To Future Taxation - Unfunded	4-C		<u>126,180.00</u>	
			<u>\$ 142,440.04</u>	

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Year ended December 31, 2012

Ordinance Number	Improvement Description	Balance December 31, 2011	2012 Authorizations	B.A.N. Redeemed	Balance December 31, 2012
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
1320	Improvements to Carr Avenue	337.00			337.00
1322	Improvements to Center, Raritan and Seabreeze	1,950.00			1,950.00
1352/1426	St. John's Park	105.00			105.00
1484	Improvements Highland Blvd./Center Ave.	175,000.00		\$ 175,000.00	
1508	Improvements to Various Roads-Raritan, Oak	380,000.00		380,000.00	
1510	Improvements to Main St. Business Area	250,000.00		250,000.00	
1522	Terrace Place Vacinity Road Improvements		\$ 253,290.00		253,290.00
1523	Sinkhole Improvements		31,911.00		31,911.00
1524	Various Road Improvement		1,710,000.00		1,710,000.00
1525	Park Improvements		120,000.00		120,000.00
1526	Bulkhead Creek Rd/Laurel		426,973.50		426,973.50
		<u>\$ 987,113.00</u>	<u>\$ 2,542,174.50</u>	<u>\$ 805,000.00</u>	<u>\$ 2,724,287.50</u>
	Reference	17-C	13-C	8-C	17-C

WATER AND SEWER UTILITY FUND  
SCHEDULES

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY FUND

SCHEDULE OF CASH AND INVESTMENTS - TREASURER

Year ended December 31, 2012

	<u>Reference</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2011	D	\$ 495,876.78	\$ 119,907.17
Increased By Receipts:			
Consumer Accounts Receivable	4-D	\$ 4,219,784.29	
Deposit with Bayshore Authority	5-D	302,064.00	
Non-Budget Revenue	D-1,D-3	61,148.92	
Prepaid Rents	9-D	43,485.24	
Due From:			
Water/Sewer Utility Operating Fund	12-D	400,000.00	
N.J.E.I.T. Loan Receivable	13-D		\$ 165,473.00
Bond Anticipation Notes	16-D		921,000.00
		<u>5,026,482.45</u>	<u>1,086,473.00</u>
Decreased By Disbursements:			
2011 Budget Appropriations	D-4	4,153,117.28	
2010 Appropriation Reserves	8-D	443,365.35	
Rent Overpayments	11-D	7,932.96	
Due To:			
Water/Sewer Utility Capital Fund	12-D		400,000.00
Accrued Interest	14-D	47,819.49	
Bond Anticipation Notes	16-D		521,000.00
Improvement Authorizations	19-D		226,057.15
		<u>4,652,235.08</u>	<u>1,147,057.15</u>
Balance, December 31, 2012	D	\$ 870,124.15	\$ 59,323.02

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF ANALYSIS OF WATER AND SEWER UTILITY CAPITAL CASH

Year ended December 31, 2012

		Balance December 31, <u>2012</u>
NJBIT Loan Receivable		\$ (64,776.00)
Excess Financing - Bond Anticipation Note		15,000.00
Accounts Payable		5,000.00
Capital Improvement Fund		77,000.00
Fund Balance		11,964.11
Ordinance		
<u>Number</u>	<u>Improvement Authorizations</u>	
1513	Design Desalination System Water Plant	6,237.91
1441/1466	Design Desalination System Water Plant	<u>8,897.00</u>
		<u>\$ 59,323.02</u>
		<u>Reference</u> D

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND

SCHEDULE OF CHANGE FUNDS

Year ended December 31, 2012

Reference

Balance, December 31, 2012 and 2011

D

\$ 250.00



BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	D	\$ 219,919.26
Increased By:		
Rents Levied	4-D	<u>4,433,032.95</u>
		4,652,952.21
Decreased By:		
Collections	D-1, D-3, 1-D	\$ 4,219,784.29
Transfer to Municipal Liens	24-D	<u>16,015.79</u>
		<u>4,235,800.08</u>
Balance, December 31, 2012	D	<u><u>\$ 417,152.13</u></u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND

SCHEDULE OF DEPOSIT WITH BAYSHORE REGIONAL SEWERAGE AUTHORITY

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	D	\$ 602,369.35
Increased By:		
Rent Adjustments	5-D	<u>1,115.86</u>
		603,485.21
Decreased By:		
Cash Received	D-1,1-D	<u>302,064.00</u>
Balance, December 31, 2012	D	<u><u>\$ 301,421.21</u></u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

Year ended December 31, 2012

<u>Account</u>	Balance December 31, 2011	<u>Increase</u>	Balance December 31, 2012
Acquired from KMUA:			
Phase I Construction	\$ 5,443,148.00		\$ 5,443,148.00
Phase II Construction	404,547.00		404,547.00
Phase III Construction	9,801,025.00		9,801,025.00
Phase IV Construction	6,653,481.00		6,653,481.00
Additional Construction	106,787.00		106,787.00
Office Renovations	28,369.00		28,369.00
Equipment	102,237.00		102,237.00
Engineering and Inspection	145,020.83		145,020.83
Vehicles	67,190.00		67,190.00
Office Annex	211,219.00		211,219.00
Pump	13,590.00		13,590.00
95 Construction	1,097,337.00		1,097,337.00
Improvements to Well #3	148,000.00		148,000.00
Improvements to Well #5	100,000.00		100,000.00
	<u>\$ 24,321,950.83</u>	<u>\$ 0.00</u>	<u>\$ 24,321,950.83</u>
<u>Reference</u>	D	1-D	D

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Year ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2012 and 2011</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	<u>400,000.00</u>
		<u>\$ 3,528,660.00</u>
	<u>Reference</u>	D

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

Year ended December 31, 2012

	Balance December 31, 2011	Balance After Modifications	Paid or Charged	Lapsed
Operating:				
Salaries and Wages	\$ 5,140.11	\$ 5,140.11		\$ 5,140.11
Other Expenses	47,716.81	469,316.58	\$ 443,365.35	25,951.23
	<u>12,689.79</u>	<u>12,689.79</u>		<u>12,689.79</u>
Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>\$ 65,546.71</u>	<u>\$ 487,146.48</u>	<u>\$ 443,365.35</u>	<u>\$ 43,781.13</u>
Total Sewer Utility Fund Appropriations			1-D	D-1
	Reference	D		
Appropriation Reserves	D	\$ 65,546.71		
Encumbrances Payable	10-D	<u>421,599.77</u>		
		<u>\$ 487,146.48</u>		

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND

SCHEDULE OF PREPAID RENTS

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	D	\$ 0.00
Increased By:		
Cash Receipts	1-D	<u>43,485.24</u>
Balance, December 31, 2012	D	<u>\$ 43,485.24</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	D	\$ 421,599.77
Increased By:		
Appropriations	D-4	<u>422,618.44</u>
		844,218.21
Decreased By:		
Transferred to Appropriation Reserves	8-D	<u>421,599.77</u>
Balance, December 31, 2012	D	<u><u>\$ 422,618.44</u></u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND

SCHEDULE OF WATER AND SEWER RENTS OVERPAYMENTS

Year ended December 31, 2012

Reference

Balance, December 31, 2011	D	\$ 16,364.93
Decreased By:		
Cash Disbursements	1-D	<u>7,932.96</u>
Balance, December 31, 2012	D	<u>\$ 8,431.97</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

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	D	\$ 400,000.00
Increased By:		
Cash Receipts	1-D	<u>400,000.00</u>
Balance, December 31, 2012	D	<u>\$ 0.00</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF NJEIT LOANS RECEIVABLE

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	D	\$ 230,249.00
Decreased By:		
Cash Receipts	1-D	<u>165,473.00</u>
Balance, December 31, 2012	D	<u>\$ 64,776.00</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2011	D	\$ 52,386.66
Increased By:		
Budget Appropriations	D-4	<u>47,819.49</u>
		100,206.15
Decreased By:		
Cash Disbursed	1-D	\$ 47,819.49
Cancelled	D-1	<u>4,567.17</u>
		<u>52,386.66</u>
Balance, December 31, 2012	D	<u><u>\$ 47,819.49</u></u>

Analysis of Balance - December 31, 2011

	Outstanding December 31, <u>2012</u>	Interest <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
<u>Note:</u>						
	\$ 921,000.00	1.50%	06/27/12	12/31/12	183 days	<u>\$ 7,022.63</u>
<u>N.J.E.I.T. Loan:</u>						
	\$ 595,000.00	Various	08/01/12	12/31/12	5 months	<u>\$ 14,048.96</u>
<u>Serial Bonds:</u>						
2011 Refunding Pooled Loan Bonds						
	\$ 597,000.00	Various	12/01/12	12/31/12	30 days	1,806.25
Various Improvements - Bonds of 2008:						
	\$ 192,000.00	Various	12/01/12	12/31/12	30 days	765.83
2012 Refunding						
	\$ 5,930,000.00	Various	11/08/12	12/31/12	53 days	<u>24,175.82</u>
						<u>26,747.90</u>
						<u><u>\$ 47,819.49</u></u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY  
WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF SERIAL BONDS

Year ended December 31, 2012

Purpose	Date of Issue	Original Issue	Outstanding		Interest Rate	Balance December 31, 2011	Increased	Decreased	Balance December 31, 2012
			Date	Amount					
General Obligation Refunding Bonds Series 2002	08/08/02	\$ 12,635,000.00				\$ 6,985,000.00		\$ 6,985,000.00	
General Obligation Bonds Series 2008	12/04/08	242,000.00	12/01/13-14	\$ 14,000.00	5.00%				
			12/01/15	15,000.00	5.00%				
			12/01/16-17	16,000.00	4.00%				
			12/01/18	17,000.00	5.25%				
			12/01/19	18,000.00	4.50%				
	12/01/20	19,000.00	4.50%						
	12/01/21	20,000.00	5.00%						
	12/01/22	21,000.00	5.25%	205,000.00					
	12/01/23	22,000.00	5.00%			13,000.00	\$ 192,000.00		
2011 Refunding of Pooled Loan Program Bonds	03/30/11	846,000.00	12/01/13	132,000.00	3.00%				
			12/01/14	129,000.00	3.00%				
			12/01/15	135,000.00	5.00%				
			12/01/16	63,000.00	2.50%				
			12/01/17	67,000.00	4.00%			124,000.00	597,000.00
	12/01/18	71,000.00	4.00%	721,000.00					
2012 Refunding of General Obligation Refunding Bonds Series 2002	11/08/12	5,930,000.00	12/01/13	765,000.00	2.00%				
			12/01/14	790,000.00	3.00%				
			12/01/15	820,000.00	3.00%				
			12/01/16	845,000.00	3.00%				
			12/01/17	875,000.00	3.00%				
	12/01/18	905,000.00	3.00%						
	12/01/19	930,000.00	3.50%			\$ 5,930,000.00		5,930,000.00	
					\$ 7,911,000.00	\$ 5,930,000.00	\$ 7,122,000.00	\$ 6,719,000.00	
			Reference	D	20-D			D	
			Bonds Refunded	20-D			\$ 6,240,000.00		
			Budget Appropriation	20-D			882,000.00		
							\$ 7,122,000.00	\$ 7,122,000.00	

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY  
WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

Year ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 2012</u>
1466	Design Desalination System Water Plant	06/30/10	06/26/13	1.50%	\$ 521,000.00	\$ 521,000.00	\$ 521,000.00	\$ 521,000.00
1513	Desalination System Water Plant	06/27/12	06/26/13	1.50%		400,000.00		400,000.00
					<u>\$ 521,000.00</u>	<u>\$ 921,000.00</u>	<u>\$ 521,000.00</u>	<u>\$ 921,000.00</u>
				<u>Reference</u>	D	1-D, 23-D	1-D	D

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY  
WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS

Year ended December 31, 2012

<u>Improvement Description</u>	<u>Amount</u>	<u>Date of Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance December 31, 2011</u>	<u>Decreased</u>	<u>Balance December 31, 2012</u>
Trust Loan - Series A (DW-ARRA)	\$ 655,000.00	03/10/10	08/01/13-15 08/01/16-18 08/01/19 08/01/20 08/01/21 08/01/22 08/01/23-25 08/01/26 08/01/27-29	\$ 25,000.00 30,000.00 30,000.00 35,000.00 35,000.00 35,000.00 40,000.00 40,000.00 45,000.00	5.00% 5.00% 4.00% 5.00% 3.00% 4.00% 4.00% 3.50% 4.00%			\$ 595,000.00
Fund Loan - Winter 2010	1,964,000.00	03/10/10	02/01/13 08/01/13 02/01/14 08/01/14 02/01/15 08/01/15 02/01/16 08/01/16 02/01/17 08/01/17 02/01/18 08/01/18 02/01/19 08/01/19 02/01/20 08/01/20 02/01/21 08/01/21	11,101.69 22,203.38 11,101.69 22,203.38 11,101.69 22,203.38 11,101.69 22,203.38 11,101.69 22,203.38 11,101.69 22,203.38 11,101.69 22,203.38 11,101.69 22,203.38 11,101.69 22,203.38	0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%			

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY  
WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS

Year ended December 31, 2012

<u>Improvement Description</u>	<u>Amount</u>	<u>Date of Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance December 31, 2011</u>	<u>Decreased</u>	<u>Balance December 31, 2012</u>
Fund Loan - Winter 2010 (continued)								
			02/01/22	11,101.69	0.00%			
			08/01/22	22,203.38	0.00%			
			02/01/23	11,101.69	0.00%			
			08/01/23	22,203.38	0.00%			
			02/01/24	11,101.69	0.00%			
			08/01/24	22,203.38	0.00%			
			02/01/25	11,101.69	0.00%			
			08/01/25	22,203.38	0.00%			
			02/01/26	11,101.69	0.00%			
			08/01/26	22,203.38	0.00%			
			02/01/27	11,101.69	0.00%			
			08/01/27	22,203.38	0.00%			
			02/01/28	11,101.69	0.00%			
			08/01/28	22,203.38	0.00%			
			02/01/29	11,101.69	0.00%			
			08/01/29	22,203.67	0.00%			
						599,491.55	33,305.07	566,186.48
						<u>\$ 1,219,491.55</u>	<u>\$ 58,305.07</u>	<u>\$ 1,161,186.48</u>
					<u>Reference</u>	<u>D</u>	<u>20-D</u>	<u>D</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF ACCOUNTS PAYABLE

Year ended December 31, 2012

Reference

Balance, December 31, 2012 and 2011	D	<u>\$ 5,000.00</u>
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BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY  
WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Amount</u>	<u>Balance December 31, 2011</u>		<u>Transferred from Encumbrances Payable</u>	<u>Expended</u>	<u>Balance December 31, 2012</u>	
			<u>Funded</u>	<u>Unfunded</u>			<u>Funded</u>	<u>Unfunded</u>
1295-3	Various Improvements - Water/Sewer	\$ 128,486.11	\$ 6,560.44		\$ 6,560.44			
1441/1466/	Design Desalination System Water							
1493	Plant	3,125,000.00		\$ 2,640.01	\$ 10,330.50	4,073.51	\$ 8,897.00	
1513	Desalinization System Water Plant	400,000.00		221,661.11		215,423.20		6,237.91
			<u>\$ 6,560.44</u>	<u>\$ 224,301.12</u>	<u>\$ 10,330.50</u>	<u>\$ 226,057.15</u>	<u>\$ 0.00</u>	<u>\$ 15,134.91</u>
	<u>Reference</u>		D	D	D	1-D	D	D

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	D		\$ 17,810,459.28
Increased By:			
Bonds Refunded	15-D	\$ 6,240,000.00	
Bonds Paid By Operating Budget	15-D	882,000.00	
Loans Paid By Operating Budget	17-D	<u>58,305.07</u>	
			<u>7,180,305.07</u>
			24,990,764.35
Decreased By:			
Refunding Bonds	15-D		<u>5,930,000.00</u>
Balance, December 31, 2012	D		<u><u>\$ 19,060,764.35</u></u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Year ended December 31, 2012

Reference

Balance, December 31, 2012 and 2011	D	<u>\$ 3,660.00</u>
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BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND

Year ended December 31, 2012

	<u>Reference</u>	
Balance, December 31, 2012 and 2011	D	<u>\$ 77,000.00</u>

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Year ended December 31, 2012

<u>Improvement Description</u>	<u>Ordinance Number</u>	Balance December 31, <u>2011</u>	BANS <u>Issued</u>	Balance December 31, <u>2012</u>
Desalinization System Water Plant	1513	<u>\$ 400,000.00</u>	<u>\$ 400,000.00</u>	<u>\$ 0.00</u>
		<u><u>\$ 400,000.00</u></u>	<u><u>\$ 400,000.00</u></u>	<u><u>\$ 0.00</u></u>
	<u>Reference</u>	23-D	16-D	23-D

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND

SCHEDULE OF MUNICIPAL LIENS

Year ended December 31, 2012

	<u>Reference</u>		
Balance, December 31, 2011	D		\$ 0.00
Increased By:			
Transfers from Water/Sewer Rents	4-D	\$ 16,015.79	
Penalites and Costs	24-D	<u>257.92</u>	
			<u>16,273.71</u>
Balance, December 31, 2012	D		<u><u>\$ 16,273.71</u></u>

GENERAL FIXED ASSETS ACCOUNT GROUP  
SCHEDULE

BOROUGH OF KEANSBERG  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

SCHEDULE OF GENERAL FIXED ASSETS

Year ended December 31, 2012

	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2012</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>4,601,003.60</u>	<u>\$ 66,334.75</u>	<u>\$ 117,400.00</u>	<u>4,549,938.35</u>
	<u>\$ 21,889,115.60</u>	<u>\$ 66,334.75</u>	<u>\$ 117,400.00</u>	<u>\$ 21,838,050.35</u>
<u>Reference</u>	E	1-E	1-E	E



## COMMENTS SECTION

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

An audit of the financial accounts and transactions of the Borough of Keansburg, County of Monmouth, New Jersey ("Borough") for the year ended December 31, 2012, has recently been completed. The results of the audit are herewith set forth.

Scope of Audit

The audit covered the financial transactions of the Treasurer's Office, the activities of the Mayor and Borough Council and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed.

Cash balances were reconciled with independent certifications obtained directly from the depositories.

Investments were verified by physical inspection, or by independent certifications obtained directly from the depositories.

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

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

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

N.J.S. 40A:11-4 states "Every contract awarded by the contracting agent, for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold (40A:11-3), shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

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

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

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

Raritan Avenue Drainage Improvements  
Reconstruction of Terrace Place  
Contruction of Collins Field Tennis Courts

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body adopted the following ordinance authorizing interest to be charged on delinquent taxes:

NOW THEREFORE BE IT RESOLVED by the Mayor and the Borough Council that:

1. The interest rates on delinquent taxes in the Borough of Keansburg be brought into conformity with the State Law. That is 8% on accounts under \$1,500.00 and 18% on accounts over \$1,500.00 and allows for the assessment of a six percent (6.00%) penalty on year end delinquencies that are in excess of \$10,000.00.

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

Tax Sale

The last tax sale was held on December 11, 2012 and was complete.

Confirmation of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payment was made in accordance with the regulations of the Division of Local Government Services, we audited subsequent cash collections as an alternative procedure when possible.

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

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

<u>Year</u>	<u>Number of Liens</u>
2012	28
2011	9
CY 2010	6

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

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

	<u>2012</u>		<u>2011</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 375,000.00	1.75 %	\$ 150,000.00	0.71 %
Miscellaneous - From Other				
Than Local Property Tax Levies	3,575,692.37	16.66	3,611,322.32	17.08
Collection of Delinquent Taxes				
and Tax Title Liens	573,154.13	2.67	679,936.95	3.22
Collection of Current Tax Levy	16,238,375.26	75.65	16,196,744.66	76.59
Miscellaneous Revenue Not Anticipated	182,038.82	0.85	296,887.87	1.40
Unexpended Balance of Appropriation				
Reserves	520,441.16	2.42	211,841.57	1.00
Total Revenues	<u>21,464,701.74</u>	<u>100.00 %</u>	<u>21,146,733.37</u>	<u>100.00 %</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	17,062,561.40	71.78 %	13,944,449.49	67.52 %
County Taxes	1,845,792.51	7.76	1,896,230.48	9.18
Local School Taxes	4,852,383.50	20.41	4,809,041.00	23.29
Other Expenditures	11,470.51	0.05	2,307.58	0.01
Total Expenditures	<u>23,772,207.92</u>	<u>100.00 %</u>	<u>20,652,028.55</u>	<u>100.00 %</u>
Excess in Revenue	(2,307,506.18)		494,704.82	
Add: Expenditures Included				
Above Which Are By Statute				
Deferred Charges To Budgets				
of Succeeding Years	3,000,000.00		159,000.00	
Statutory Excess To Fund Balance	692,493.82		653,704.82	
Fund Balance, Beginning	682,041.02		178,336.20	
	1,374,534.84		832,041.02	
Decreased By:				
Utilized as Anticipated Revenue	375,000.00		150,000.00	
Fund Balance, December 31	<u>\$ 999,534.84</u>		<u>\$ 682,041.02</u>	

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

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

	2012		2011	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 300,000.00	6.08 %	\$ 275,000.00	5.47 %
Collection of Water and Sewer Rents	4,219,784.29	85.57	4,488,280.06	89.26
Miscellaneous Revenue Not Anticipated	61,148.92	1.24	85,661.19	1.70
Miscellaneous - From Other Than Water and Sewer Rents	<u>350,412.30</u>	<u>7.11</u>	<u>179,417.08</u>	<u>3.57</u>
Total Revenues	<u>4,931,345.51</u>	<u>100.00 %</u>	<u>5,028,358.33</u>	<u>100.00 %</u>
<u>Expenditures</u>				
Budget Expenditures	<u>4,852,349.88</u>	<u>100.00 %</u>	<u>4,689,272.98</u>	<u>100.00 %</u>
Total Expenditures	<u>4,852,349.88</u>	<u>100.00 %</u>	<u>4,689,272.98</u>	<u>100.00 %</u>
Excess in Revenue	78,995.63		339,085.35	
Fund Balance, Beginning	<u>340,228.71</u>		<u>276,143.36</u>	
	419,224.34		615,228.71	
Decreased By:				
Utilized as Anticipated Revenue	<u>300,000.00</u>		<u>275,000.00</u>	
Fund Balance, December 31	<u>\$ 119,224.34</u>		<u>\$ 340,228.71</u>	

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	\$ 3.309	\$ 3.242	\$ 3.150

Apportionment of Tax Rate

Municipal	2.012	1.954	1.854
County	0.357	0.365	0.402
Local School District	0.940	0.923	0.894

Assessed Valuations

2012	\$ 516,416,913	
2011	\$ 520,992,021.00	
2010		\$ 529,349,978.00

Comparison of Tax Levies and Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2012	\$ 17,091,389.38	\$ 16,238,375.26	95.01%
2011	16,891,464.13	16,196,744.66	95.88
2010	16,688,792.01	15,906,543.84	95.31

Delinquent Taxes and Tax Title Items

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2012	\$ 90,579.58	\$ 707,663.61	\$ 798,243.19	4.67%
2011	11,181.48	601,732.29	612,913.77	3.62
2010	8,931.04	684,221.34	693,152.38	4.15

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

Comparison of Water and Sewer Levies

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2012	\$ 4,433,032.95	\$ 4,219,784.29
2011	4,427,808.18	4,488,280.06
2010	4,538,610.06	4,432,580.18

Comparative Schedule of Fund Balances

<u>Current Fund</u>	<u>Year</u>	<u>Balance</u>	<u>Succeeding Year</u>	<u>Utilized in Budget of</u>
	2012	\$ 999,534.84	\$	200,000.00
	CY 2011	682,041.02		375,000.00
	CY 2010	178,336.20		150,000.00
	TY 2009	523,111.49		500,000.00
	SFY 2009	469,315.61		200,000.00

	<u>Year</u>	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Additional Utilized in Current Fund Budget of Succeeding Year</u>
<u>Water and Sewer Utility Fund</u>	2012	\$ 119,224.34	\$ 0.00	
	2011	340,228.71	300,000.00	
	2010	276,143.36	275,000.00	\$ 200,000.00
	TY 2009	696,774.99	600,000.00	
	SFY 2009	709,933.17	1,000,000.00	



BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2012

Officials in Office and Surety Bonds

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

<u>Name of Official</u>	<u>Title</u>
George Hoff	Mayor
James Cocuzza, Sr.	Deputy Mayor
Arthur Boden	Councilperson
Anthony DePompa	Councilperson
Thomas Foley	Councilperson
Patrick DeBlasio	Chief Financial Officer
Thomas Cusick	Borough Clerk/Tax Collector
John O. Bennett, III, Esq.	Borough Attorney
Sharon Devaney	Court Administrator
Dennis O'Keefe	Department of Public Works Supervisor
Steve Ussman	Water and Sewer Department Supervisor

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

## INTERNAL CONTROL SECTION

**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, New Jersey

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 of the Borough of Keansburg (herein referred to as "the Municipality"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements, and have issued our report thereon dated July 9, 2013.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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.

However, we noted certain other matters that have been reported to the administration of the Borough and reported within our Comments and Recommendations.

The Borough's response to the findings identified in our audit is described in the accompanying Comments and Recommendations. We did not audit the Borough's response and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity'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, CPA, RMA  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #483

July 9, 2013  
Freehold, New Jersey

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133**

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

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

We have audited Borough of Keansburg's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Borough of Keansburg's major federal programs for the year ended December 31, 2012. The Borough of Keansburg's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

## **Opinion on Each Major Federal Program**

In our opinion, the Borough of Keansburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

## **Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

## **Report on Internal Control Over Compliance**

Management of the Borough of Keansburg is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Keansburg's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Keansburg's internal control over compliance.

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

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the Borough of Keansburg as of and for the year ended December 31, 2012, and have issued our report thereon dated July 9, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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. The 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**



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

July 9, 2013  
Freehold, New Jersey

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS





BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)

Year ended December 31, 2012

Part 2 - Schedule of Financial Statement Findings

This Section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

None noted.

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)

Year ended December 31, 2012

Part 3 - Schedule of Federal Findings and Questioned Costs

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

None noted.

## STATUS OF PRIOR YEARS' FINDINGS AND QUESTIONED COSTS

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

SUMMARY SCHEDULE OF PRIOR-YEAR FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT

Year ended December 31, 2012

This section identifies the status of prior-year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (Section .315 (a)(b)).

No prior-year findings.

ADDITIONAL INFORMATION  
RELATING TO  
FEDERAL FINANCIAL AWARDS

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO SCHEDULE OF FEDERAL FINANCIAL AWARDS

Year ended December 31, 2012

1. Organization and Basis of Presentation

Organization

The Borough of Keansburg, County of Monmouth, New Jersey ("Borough") is the prime sponsor and recipient of various federal and state grant funds. The Borough has delegated the administration of grant programs and the reporting function to various departments within the Borough. Substantially all grant and program cash funds are commingled with the Borough's other funds, although each grant is accounted for separately within the Borough's financial records. The Treasurer's Office of the Borough performs accounting functions for all grants.

Basis of Accounting

The Borough's grants are presented on the modified accrual basis of accounting utilizing the following methods:

Current Fund Grants

In accordance with a directive from the State Department of Community Affairs, Division of Local Government Services, all grant revenues and expenditures are fully realized within the Current Fund budget and corresponding receivables and spending reserves are recorded to account for grant activity.

Trust Fund and Capital Fund Grants

In accordance with accounting principles prescribed by the State of New Jersey, grant receivables are offset with grant spending reserves.

Local Contributions

Local matching contributions are raised in the Current Fund budget. The percentage of matching contributions varies with each program.

Expenditures

Expenditures, as reported on the accompanying Schedule of Federal Financial Awards, reflect actual cash disbursements charged directly to a grant program and, in certain instances, do not include allocated expenses or accrued expenses. Differences between budget and actual cash disbursements, as well as differences between budget revenues and actual cash receipts, are transferred to Current Fund balance when the grant is closed out.

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO SCHEDULE OF FEDERAL FINANCIAL AWARDS

Year ended December 31, 2012

1. Organization and Basis of Presentation (continued)

Cumulative Expenditures per Financial Reports

Cumulative expenditures, as reported on the accompanying Schedule of Federal Financial Awards, reflect the sum of all expenditures including allocated expenses and accrued expenses reported to the grant funding agency from the inception of the grant to December 31, 2012.

2. Contingencies

Each of the grantor agencies reserves the right to conduct additional audits of the Borough's grant programs for economy, efficiency and program results. However, Borough management does not believe such audits would result in material amounts of disallowed costs.

3. Relationship to Financial Statements – Statutory Basis

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's general-purpose financial statements. Expenditures from awards are reported in the Borough's financial statements as follows:

	Federal	Total
Current Fund	\$ 776,927	\$ 776,927
Capital Fund	<u>314,528</u>	<u>314,528</u>
Total	<u>\$ 1,087,455</u>	<u>\$ 1,087,455</u>

4. Relationship to Federal Financial Report

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal financial report.

5. Major Programs

Major programs are identified in the Schedule of Findings and Questioned Costs section.



BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY  
SCHEDULE OF FEDERAL FINANCIAL AWARDS

Year Ended December 31, 2012

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Contract Number</u>	<u>Grant Period</u>	<u>Grant Award</u>	<u>Expenditures</u>	<u>Cumulative Expenditures</u>
<u>Department of Transportation</u>						
Highway Planning & Construction:						
Waterfront Bicycle and Pedestrian Corridor	20.205	078-6320-480	2003	\$ 250,000.00		\$ 250,000.00
Raritan Avenue Reconstruction	20.205	078-6320-480	2004	201,000.00		201,000.00
Laurel Avenue Reconstruction	20.205	078-6320-480	2004	211,000.00		211,000.00
Various Road Improvements	20.205	078-6320-480	2004	115,000.00		115,000.00
Improvements to Highland Blvd/Center Ave	20.205	078-6320-480	2009	175,000.00		175,000.00
Improvements to Main Street Business	20.205	078-6320-480	2009	185,000.00		185,000.00
Improvements to Parks & Playgrounds	20.205	078-6320-480	2010	80,000.00		80,000.00
Total Department of Transportation				1,217,000.00		1,217,000.00
<u>Department of Housing &amp; Urban Development</u>						
Pass Through County of Monmouth						
CDBG-Improvements Main Street Business	14.218	W1321001-001	2009	125,075.10		125,075.10
CDBG-Roadway Improvements	14.218	W1321001-001	2012	186,710.00		
Total Department of Housing & Urban Development				311,785.10		125,075.10
<u>U.S. Department of Environmental Protection Agency</u>						
Capitalization Grants for Clean Water State Revolving Funds:						
2009 NJEIT/ ARRA-Principal Forgiveness	66.468	W1321001-001	Open	1,309,000.00		1,309,000.00
Total U.S. Environmental Protection Agency				1,309,000.00		1,309,000.00
<u>Department of Homeland Security (DHS)</u>						
Federal Emergency Management Agency(FEMA)						
Department of Homeland Security (DHS)						
Public Assistance Grants						
Superstorm Sandy	97.036	Not Available	OPEN	3,000,000.00	\$ 772,926.62	772,926.62
Total Department of Homeland Security (DHS)				3,000,000.00	772,926.62	772,926.62
Total Federal Financial Awards				\$ 5,837,785.10	\$ 772,926.62	\$ 3,424,001.72

The accompanying Note to Schedule of Federal Financial Awards is an integral part of this schedule

## COMMENTS AND RECOMMENDATIONS

BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS AND RECOMMENDATIONS

Year ended December 31, 2012

Other Matters

Internal Controls

During our audit of the Borough's Internal Controls, we noted the following:

Finding #2012-1

- 12 of 13 interest calculations for Sewer Collector were charged incorrectly.
- There is no resolution in place for the collection of Sewer interest.
- No Fee ordinance established for fees collected in the Recreation Department.

In order to improve the Borough's Internal Controls, we recommend the following:

- All interest be calculated correctly.
- A resolution be put in place establishing how Sewer interest is collected.
- Fee ordinances be established for the collection of all fees.