

**BOROUGH OF KEANSBURG  
MONMOUTH COUNTY  
NEW JERSEY**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY DATA  
AND INFORMATION**

**FOR THE SIX MONTH  
TRANSITION YEAR ENDED  
DECEMBER 31, 2009**

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

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

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BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets – regulatory basis of the various funds of the Borough of Keansburg, Monmouth County, New Jersey, as of and for the six month transition year then ended December 31, 2009 and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2009. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the third and fourth paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United State of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements – regulatory basis referred to in the first paragraph do not include the Statement of Governmental Fixed Assets, which should be included to conform with the basis of accounting described in Note 2. The amount that should be recorded for Governmental Fixed Assets is not known.

The Borough did not include a liability for Other Pension and Employee Benefits as required by N.J.A.C. 5:30-6.1 in the notes to the financial statements. The amount that should have been disclosed could not be reasonably determined.

The financial statements referred to in the first paragraph include the assets and reserves of the Borough's Length of Service Awards Program Plan (LOSAP), which by regulation, is subject to an accountant's review report and is unaudited. The Length of Service Awards Program Plan is included in the Trust Fund.

As described in Note 2, these financial statements were prepared in conformity with accounting principles prescribed or permitted by the Division of Local Government Services, Department of

Community Affairs, State of New Jersey, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles are designed primarily for determining compliance with legal provisions and budgetary restrictions, and as a means of reporting on the stewardship of public officials with respect to public funds.

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

In our opinion, because the prescribed regulatory basis of accounting as described in the preceding paragraph is utilized by the Borough of Keansburg, County of Monmouth, New Jersey for the purpose of financial statement preparation, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough Keansburg, County of Monmouth, New Jersey as of and for the six month transition year ended December 31, 2009 or the results of its operations, or cash flows of its proprietary fund type for the fiscal year then ended.


However, in our opinion, except for the effects of the omission of the Statement of Governmental Fixed Assets and the omitted disclosure referred to in the fourth paragraph, the aforementioned financial statements present fairly, in all material respects, the financial position – regulatory basis of the various funds of the Borough of Keansburg, Monmouth County, New Jersey, for the six month transition year ending December 31, 2009 and the results of operations and changes in fund balance – regulatory basis for the years then ended and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the six month transition year ended December 31, 2009 on the basis of accounting described in Note 2.

In accordance with Government Auditing Standards, we have also issued a report dated December 15, 2010 on our consideration of the Borough of Keansburg's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Borough of Keansburg, County of Monmouth, New Jersey taken as a whole. The information included in the supplementary data and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Keansburg, County of Monmouth, New Jersey. Such contained in the Supplementary Data and Supplementary Schedules has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects to the financial statements taken as a whole.

*Hodulik & Morrison, P.A.*

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



Robert S. Morrison  
Registered Municipal Accountant, No. 412

Highland Park, New Jersey  
December 15, 2010

HODULIK & MORRISON, P.A.

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

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

We have audited the financial statements – regulatory basis of the Borough of Keansburg, in the County of Monmouth, New Jersey as of and for the six month transition year ended December 31, 2009, and have issued our report thereon dated December 15, 2010. Our report was modified because of the departure from accounting principles generally accepted in the United State of America as disclosed in Note 2. Our report also expressed a qualified opinion on the financial statements in conformity with this regulatory basis because of the omission of the Statement of Governmental Fixed Assets and omission of liability for Other Pension and Employee Benefits as required by GASB No. 45 and State of New Jersey Local Finance Notices 2007-15 and 2009-13R. Except as discussed above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

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

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



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the General Comments that we consider to be significant deficiencies in internal control over financial reporting as finding numbers 2009-1 and 2009-2. A significant deficiency is a deficiency, or 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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Keansburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the General Comments section of the Report of Audit as findings number 2009-3 and 2009-4.

We also noted other matters involving compliance and internal control over financial reporting that we reported to management of the Borough of Keansburg in the General Comments section of the Report of Audit.

This report is intended solely for the information of the management, Mayor and Borough Council, and state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hodulik & Morrison, P.A.*

Hodulik and Morrison, P.A.  
Certified Public Accountants  
Registered Municipal Accountants  
Public School Accountants

Highland Park, New Jersey  
December 15, 2010

**HODULIK & MORRISON, P.A.**

FINANCIAL STATEMENTS – REGULATORY BASIS

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

Exhibit - A

CURRENT FUND  
BALANCE SHEET - REGULATORY BASIS  
FOR THE SIX MONTH TRANSITION YEAR ENDED DECEMBER 31, 2009

ASSETS	REF.	BALANCE DEC. 31, 2009	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2009
Cash and Investments - Treasurer	A-4	\$ 1,383,026.04	Liabilities:	A	\$ 116,000.00
Change Fund & Petty Cash Fund	A-5	475.00	Special Emergency Note Payable	A-3	331,458.61
Due from State of New Jersey Chap.			Appropriation Reserves	A-3	389,929.39
73, P.L. 1976	A-6	14,701.81	Reserve for Encumbrances	A-14	2,549.25
		1,398,202.85	Accounts Payable	A-12	8,747.98
			Tax Overpayments		
Receivables and Other Assets With			Due to State of N.J.:		
Full Reserves:			Marriage License Fees	A-14	2,890.00
Taxes Receivable	A-7	287,613.89	State Training Fees	A-14	1,557.00
Tax Title Liens	A-7	4,678.39	Outside Liens Payable	A-14	32,100.44
Property Acquired for Taxes Assessed Valuation	A-7	186,800.00	Payroll Deductions Payable	A-14	67,330.09
Due Water & Sewer Operating Fund	A-10	6,034.73	School Tax Payable	A-13	5.04
Due Animal Control Fund	A-10	3,711.49	County Taxes Payable	A-13	1,480.34
		488,838.50	Due General Capital Fund	A-10	3,444.00
Deferred Charges:			Reserve for:		
Special Emergency Appropriations	A-9	116,000.00	Revaluation	A-14	32,214.75
		116,000.00	Insurance Claims	A-14	1,384.47
		2,003,041.35	Total Liabilities		991,091.36
Total Current Fund			Reserve for Receivables	Reserve	488,838.50
State & Federal Grant Fund:			Fund Balance	A-1	523,111.49
Cash	A-4	28,279.87			2,003,041.35
State & Federal Grants Receivable	A-15	67,814.01	Total Current Fund		
		96,093.88	State & Federal Grant Fund:		
Total Grant Fund			Reserve for Encumbrances	A-17	3,749.32
			Reserve For State and Federal Grants:		
			Appropriated	A-17	92,322.07
			Unappropriated	A-18	22.49
			Total Grant Fund		96,093.88
		\$ 2,099,135.23			\$ 2,099,135.23

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND  
 STATEMENT OF OPERATIONS AND CHANGE  
 IN FUND BALANCE - REGULATORY BASIS  
FOR THE SIX MONTH TRANSITION YEAR ENDED DECEMBER 31, 2009

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR TY 2009</u>
Fund Balance Utilized	A-2	\$ 200,000.00
Miscellaneous Revenues Anticipated	A-2	2,931,137.53
Receipts from Delinquent Taxes	A-2	3,175.57
Receipts from Current Taxes	A-7	7,516,271.17
Non-Budget Revenues	A-2	71,249.70
Other Credits to Income:		
Various Reserves Cancelled	A-14	3,290.85
Unexpended Balance of Approp.		
Reserves	A-11	184,698.18
Due from M.C.I.A.	A-4	<u>7,980.00</u>
Total Revenues		<u>10,917,803.00</u>
<u>EXPENDITURES</u>		
Budget Appropriations:	A-3	7,209,247.68
County Taxes	A-13	1,126,744.44
School Tax	A-13	<u>2,328,015.00</u>
Total Expenditures		<u>10,664,007.12</u>
Statutory Excess to Fund Balance		253,795.88
<u>FUND BALANCE</u>		
Balance - July 1	A	<u>469,315.61</u>
		723,111.49
Decreased by:		
Utilized as Anticipated Revenue	A-1,A-2	<u>200,000.00</u>
Balance - December 31	A	\$ <u><u>523,111.49</u></u>

Note: See Notes to Financial Statements.

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

**STATEMENT OF REVENUES - CURRENT FUND**  
**REGULATORY BASIS**  
**FOR THE SIX MONTH TRANSITION YEAR ENDED DECEMBER 31, 2009**

	<u>REF.</u>	<u>TY 2009 BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Surplus Anticipated	A-1, A-2	\$ 200,000.00	\$ 200,000.00	\$
Miscellaneous Revenues:				
Licenses:				
Other	A-4	5,000.00	8,388.00	3,388.00
Fees and Permits	A-4	120,548.89	90,362.71	(30,186.18)
Fines and Costs:				
Municipal Court	A-4	250,000.00	308,055.77	58,055.77
Interest and Costs on Taxes	A-4	10,000.00	11,365.84	1,365.84
Parking Meters	A-4	85,000.00	119,895.26	34,895.26
Interest on Investments and Deposits	A-4	15,000.00	10,535.14	(4,464.86)
Grandview Apts. Monmouth County Fair	A-4	45,000.00	45,000.00	
Rental of Borough Property	A-4	20,000.00	22,000.00	2,000.00
Omni Tower Rental	A-4	12,000.00	12,289.46	289.46
Consolidated Municipal Property Tax Relief Aid	A-4	1,464,782.00	1,458,903.87	(5,878.13)
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-4	707,296.00	686,343.00	(20,953.00)
Uniform Construction Code Fees	A-4	50,000.00	41,194.00	(8,806.00)
Other Special Items:				
Uniform Fire Safety Act	A-4	3,800.00	10,355.22	6,555.22
Cable TV Fees	A-4	12,500.00	3,145.76	(9,354.24)
SRO Interlocal Agreement - Local	A-4	100,000.00	103,303.50	3,303.50
Total Miscellaneous Revenues	A-1,A-4	2,900,926.89	2,931,137.53	30,210.64
Receipts from Delinquent Taxes	A-1, A-7		3,175.57	3,175.57
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes				
Including Reserve for Uncollected Taxes	A-7	4,410,000.00	4,361,511.73	(48,488.27)
Budget Totals		7,510,926.89	7,495,824.83	\$ (15,102.06)
Non-Budget Revenues	A-1,A-4,A-8		71,249.70	
		\$ 7,510,926.89	\$ 7,567,074.53	
	<u>Ref.</u>	A-3	A-1	

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 TY BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	RESERVED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED		
Operations Within "CAPS"						
<u>GENERAL GOVERNMENT:</u>						
Borough Council						
Salaries and Wages	\$ 4,000.00	\$ 4,000.00	\$ 3,600.00	\$ 2,138.00	\$ 400.00	\$ 1,399.00
Other Expenses	4,000.00	4,000.00	463.00			
Office of Borough Manager						
Salaries and Wages	75,000.00	75,000.00	60,373.16		14,626.84	
Other Expenses	6,750.00	6,750.00	878.35	439.50	5,432.15	
Office of the Borough Clerk						
Salaries and Wages	70,000.00	70,000.00	63,301.76		6,698.24	
Other Expenses	15,000.00	15,000.00	4,815.06	10,154.86	30.08	
Legal Services and Costs						
Other Expenses	50,000.00	50,000.00	39,802.21		10,197.79	
<b>Total General Government</b>	<b>224,750.00</b>	<b>224,750.00</b>	<b>173,233.54</b>	<b>12,732.36</b>	<b>38,784.10</b>	
Salaries and Wages	149,000.00	149,000.00	127,274.92		21,725.08	
Other Expenses	75,750.00	75,750.00	45,958.62	12,732.36	17,059.02	
<b>Department of Finance</b>						
Office of Director of Finance						
Salaries and Wages	100,000.00	100,000.00	95,545.67		4,454.33	
Other Expenses	9,500.00	9,500.00	7,234.59	2,089.62	175.79	
Other Expenses Annual Audit	44,000.00	44,000.00		44,000.00		
Division of Tax Collector						
Salaries and Wages	40,000.00	40,000.00	37,411.56		2,588.44	
Other Expenses	7,500.00	7,500.00	2,179.30	24.00	5,296.70	
Reassessment Program						
Other Expenses	80,000.00	80,000.00	18,000.00	62,000.00		
Division of Assessment						
Salaries and Wages	30,000.00	30,000.00	28,820.68		1,179.32	
Other Expenses	3,400.00	3,400.00	1,758.11		1,641.89	
<b>Total Department of Finance</b>	<b>314,400.00</b>	<b>314,400.00</b>	<b>190,949.91</b>	<b>108,113.62</b>	<b>15,336.47</b>	
Salaries and Wages	170,000.00	170,000.00	161,777.91		8,222.09	
Other Expenses	144,400.00	144,400.00	29,172.00	108,113.62	7,114.38	

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 TY BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
<b>Department of Public Safety</b>						
Division of Police Bureau of Traffic and Patrol						
Police Salaries and Wages	\$ 2,050,500.00	\$ 2,050,500.00	\$ 1,964,353.39	\$	\$ 86,146.61	\$
Dispatcher Salaries and Wages	67,000.00	67,000.00	53,568.52		13,431.48	
Other Expenses: Police	70,500.00	70,500.00	36,283.80	24,439.33	9,776.87	
Detective Bureau						
Other Expenses	2,025.00	2,025.00	182.00	745.79	1,097.21	
Bureau of Street Crossing Guards						
Salaries and Wages	18,500.00	18,500.00	16,221.45		2,278.55	
Other Expenses	375.00	375.00			375.00	
<b>SRO Interlocal</b>						
Salaries and Wages	100,000.00	100,000.00	76,108.75		23,891.25	
<b>Total Department of Public Safety</b>	<b>2,308,900.00</b>	<b>2,308,900.00</b>	<b>2,146,717.91</b>	<b>25,185.12</b>	<b>136,996.97</b>	
Salaries and Wages	2,236,000.00	2,136,000.00	2,034,143.36		101,856.64	
Other Expenses	72,900.00	172,900.00	112,574.55	25,185.12	35,140.33	
<b>Division of Fire</b>						
Emergency Medical Services						
Other Expenses	15,000.00	15,000.00	12,114.66	2,818.75	66.59	
Fire Department						
Other Expenses	60,000.00	60,000.00	49,168.76	10,691.83	139.41	
<b>Total Division of Fire</b>	<b>75,000.00</b>	<b>75,000.00</b>	<b>61,283.42</b>	<b>13,510.58</b>	<b>206.00</b>	
Other Expenses	75,000.00	75,000.00	61,283.42	13,510.58	206.00	
<b>Uniform Construction Code</b>						
Code Enforcement						
Salaries and Wages	68,000.00	68,000.00	64,145.09		3,854.91	
Other Expenses	3,750.00	3,750.00	1,245.69	1,518.99	985.32	
Uniform Safety Act						
Salaries and Wages	15,000.00	15,000.00	14,216.04		783.96	
Other Expenses	3,100.00	3,100.00	240.82	625.00	2,234.18	
<b>Total Uniform Construction Code</b>	<b>89,850.00</b>	<b>89,850.00</b>	<b>79,847.64</b>	<b>2,143.99</b>	<b>7,858.37</b>	
Salaries and Wages	83,000.00	83,000.00	78,361.13		4,638.87	
Other Expenses	6,850.00	6,850.00	1,486.51	2,143.99	3,219.50	

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 TY BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	RESERVED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED		
<b>Department of Engineering and Public Works</b>						
Division of Engineering						
Other Expenses	\$ 33,000.00	\$ 38,000.00	\$ 32,723.22	\$ 5,172.87	\$ 103.91	\$
Division of Streets and Roads						
Salaries and Wages	310,000.00	310,000.00	309,999.60		0.40	
Other Expenses	45,000.00	45,000.00	20,419.66	24,247.10	333.24	
Division of Snow Removal						
Salaries and Wages	5,000.00	5,000.00	5,000.00			
Other Expenses	5,000.00	5,000.00	3,555.33	1,400.00	44.67	
Division of Parking Meter Maintenance						
Salaries and Wages	12,000.00	8,000.00	7,671.50		328.50	
Other Expenses	7,000.00	2,000.00	568.00		1,432.00	
Division of Building and Grounds						
Other Expenses	40,000.00	42,000.00	34,476.23	5,482.21	2,041.56	
Municipal Garage						
Salaries and Wages	58,000.00	60,000.00	59,701.25		298.75	
Other Expenses	40,000.00	40,000.00	27,248.16	7,294.65	5,457.19	
Sanitation						
Contract	195,000.00	195,000.00	127,224.00	63,612.00	4,164.00	
Landfill Solid Waste Disposal Fees	230,000.00	216,300.00	130,135.73	65,768.78	20,395.49	
<b>Total Engineering and Public Works</b>	<b>980,000.00</b>	<b>966,300.00</b>	<b>758,722.68</b>	<b>172,977.61</b>	<b>34,599.71</b>	
Salaries and Wages	385,000.00	383,000.00	382,372.35		627.65	
Other Expenses	595,000.00	583,300.00	376,350.33	172,977.61	33,972.06	
<b>Department of Health and Welfare</b>						
Division of Health						
Salaries and Wages	6,000.00	6,000.00	4,965.04		1,034.96	
Other Expenses	52,000.00	52,000.00	51,530.50	40.39	429.11	
Dog Regulation	14,250.00	18,250.00	9,374.20	4,955.00	3,920.80	
<b>Total Department of Health and Welfare</b>	<b>72,250.00</b>	<b>76,250.00</b>	<b>65,869.74</b>	<b>4,995.39</b>	<b>5,384.87</b>	
Salaries and Wages	6,000.00	6,000.00	4,965.04		1,034.96	
Other Expenses	66,250.00	70,250.00	60,904.70	4,995.39	4,349.91	
<b>Department of Recreation Parks and Playgrounds</b>						
Division of Recreation Parks and Playgrounds						
Other Expenses	15,000.00	15,000.00	5,109.07	4,491.86	5,399.07	
Celebration of Public Events						
Other Expenses	6,000.00	6,000.00	4,918.16		1,081.84	
Historical Society						
Other Expenses	1,000.00	1,000.00	126.00		874.00	
<b>Total Department of Recreation Parks and Playgrounds</b>	<b>22,000.00</b>	<b>22,000.00</b>	<b>10,153.23</b>	<b>4,491.86</b>	<b>7,354.91</b>	
Other Expenses	22,000.00	22,000.00	10,153.23	4,491.86	7,354.91	



BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 TY BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	RESERVED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED		
<b>Municipal Prosecutor</b>						
Salaries and Wages	\$ 17,000.00	\$ 17,000.00	\$ 14,999.93	\$	2,000.07	\$
<b>Total Municipal Prosecutor</b>	<b>17,000.00</b>	<b>17,000.00</b>	<b>14,999.93</b>		<b>2,000.07</b>	
<b>Salaries and Wages</b>	<b>17,000.00</b>	<b>17,000.00</b>	<b>14,999.93</b>		<b>2,000.07</b>	
<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	15,000.00	15,000.00	14,651.71		348.29	
Other Expenses	5,000.00	5,000.00	2,781.35	2,104.25	114.40	
Emergency Management Services						
Salaries and Wages	4,000.00	4,000.00	3,500.03		499.97	
<b>Total Other Municipal Operations</b>	<b>24,000.00</b>	<b>24,000.00</b>	<b>20,933.09</b>	<b>2,104.25</b>	<b>962.66</b>	
<b>Salaries and Wages</b>	<b>19,000.00</b>	<b>19,000.00</b>	<b>18,151.74</b>		<b>848.26</b>	
<b>Other Expenses</b>	<b>5,000.00</b>	<b>5,000.00</b>	<b>2,781.35</b>	<b>2,104.25</b>	<b>114.40</b>	
<b>Insurances: N.J.S.A 40A:4-45.3(00)</b>						
Group Insurance Plan or Employees	940,000.00	942,000.00	939,402.76	289.98	2,307.26	
Worker's Compensation	185,000.00	182,350.96	182,350.96		2,649.04	
Other Insurance - Liability Insurance	150,000.00	150,000.00	148,375.22	407.20	1,217.58	
Other Employees Insurances - Group	15,000.00	15,000.00	14,355.09		644.91	
<b>Total Insurances</b>	<b>1,290,000.00</b>	<b>1,292,000.00</b>	<b>1,284,484.03</b>	<b>697.18</b>	<b>6,818.79</b>	
<b>Senior Citizens</b>						
Senior Center	1,000.00	1,000.00			1,000.00	
Other Expenses						
Transportation of Senior Citizens	5,000.00	7,700.00	4,699.00	380.00	2,621.00	
Other Expenses						
<b>Total Senior Citizens</b>	<b>6,000.00</b>	<b>8,700.00</b>	<b>4,699.00</b>	<b>380.00</b>	<b>3,621.00</b>	
<b>Other Expenses</b>	<b>6,000.00</b>	<b>8,700.00</b>	<b>4,699.00</b>	<b>380.00</b>	<b>3,621.00</b>	
<b>Municipal Court</b>						
Salaries and Wages	100,000.00	100,000.00	91,715.43		8,284.57	
Other Expenses	6,000.00	6,000.00	3,023.84	850.00	2,126.16	
<b>Total Municipal Court</b>	<b>106,000.00</b>	<b>106,000.00</b>	<b>94,739.27</b>	<b>850.00</b>	<b>10,410.73</b>	
<b>Salaries and Wages</b>	<b>100,000.00</b>	<b>100,000.00</b>	<b>91,715.43</b>		<b>8,284.57</b>	
<b>Other Expenses</b>	<b>6,000.00</b>	<b>6,000.00</b>	<b>3,023.84</b>	<b>850.00</b>	<b>2,126.16</b>	

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 TY BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
<b>Municipal Library</b>						
Salaries and Wages	\$ 32,000.00	\$ 32,000.00	\$ 26,966.88	\$ 1,699.18	\$ 5,033.12	\$ 1,874.62
Other Expenses	5,000.00	5,000.00	1,426.20			
<b>Total Municipal Library</b>	<b>37,000.00</b>	<b>37,000.00</b>	<b>28,393.08</b>	<b>1,699.18</b>	<b>6,907.74</b>	
<b>Salaries and Wages</b>	<b>32,000.00</b>	<b>32,000.00</b>	<b>26,966.88</b>		<b>5,033.12</b>	
Other Expenses	5,000.00	5,000.00	1,426.20	1,699.18	1,874.62	
<b>P.E.O.S.H.A.</b>						
Board of Health						
Other Expenses	500.00	500.00	292.00	20.00	188.00	
<b>Total P.E.O.S.H.A.</b>	<b>500.00</b>	<b>500.00</b>	<b>292.00</b>	<b>20.00</b>	<b>188.00</b>	
<b>Other Expenses</b>	<b>500.00</b>	<b>500.00</b>	<b>292.00</b>	<b>20.00</b>	<b>188.00</b>	
<b>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</b>						
<b>State Uniform Construction Code Officials</b>						
Salaries and Wages	120,000.00	125,000.00	119,752.98		5,247.02	
Other Expenses	3,000.00	3,000.00	482.54	2,107.00	410.46	
<b>Total State Uniform Construction Code Officials</b>	<b>123,000.00</b>	<b>128,000.00</b>	<b>120,235.52</b>	<b>2,107.00</b>	<b>5,657.48</b>	
<b>Salaries and Wages</b>	<b>120,000.00</b>	<b>125,000.00</b>	<b>119,752.98</b>		<b>5,247.02</b>	
Other Expenses	3,000.00	3,000.00	482.54	2,107.00	410.46	
<b>UNCLASSIFIED:</b>						
Alliance Grant-Salaries and Wages	2,000.00	2,000.00			2,000.00	
Alliance Grant-Other Expenses	2,000.00	2,000.00	1,448.42	25.00	526.58	
Utilities						
Electric	46,000.00	46,000.00	35,469.38	10,500.00	30.62	
Street Lighting	65,000.00	65,000.00	50,971.07		14,028.93	
Telephone	37,000.00	37,000.00	25,288.85	8,345.66	3,365.49	
Natural Gas	15,000.00	15,000.00	1,425.98	4,000.00	9,574.02	
Telecommunications Costs	5,000.00	5,000.00	2,354.88	1,550.59	1,094.53	
Gasoline & Fuel Oil	67,500.00	67,500.00	49,066.09	7,000.00	11,433.91	
<b>Total Unclassified</b>	<b>239,500.00</b>	<b>239,500.00</b>	<b>166,024.67</b>	<b>31,421.25</b>	<b>42,054.08</b>	
<b>Total Operations within "CAPS"</b>	<b>5,930,150.00</b>	<b>5,930,150.00</b>	<b>5,221,578.66</b>	<b>383,429.39</b>	<b>325,141.95</b>	
<b>Contingent</b>				<b>(5,126,968.60)</b>	<b>12,218.60</b>	
<b>Total Operations Including Contingent within "CAPS"</b>	<b>5,930,150.00</b>	<b>5,930,150.00</b>	<b>5,221,578.66</b>	<b>383,429.39</b>	<b>325,141.95</b>	
<b>DETAIL:</b>						
Salaries and Wages	3,319,000.00	3,222,000.00	3,060,481.67		161,518.33	
Other Expenses (Including Contingent)	2,611,150.00	2,708,150.00	2,161,096.99	383,429.39	163,623.62	

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 TY BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"					
STATUTORY EXPENDITURES;					
Social Security System (O.A.S.I.)	\$ 127,500.00	\$ 127,500.00	\$ 121,183.34	\$ 6,316.66	\$
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	127,500.00	127,500.00	121,183.34	6,316.66	
Total General Appropriations for Municipal Purposes within "CAPS"	6,057,650.00	6,057,650.00	5,342,762.00	383,429.39	331,458.61
Operations - Excluded from "CAPS"					
Length of Service Award Program (LOSAP)					
Other Expenses	40,000.00	40,000.00	40,000.00		
911 Emergency Dispatch					
Police					
Other Expenses	6,500.00	6,500.00		6,500.00	
Total Other Operations - Excluded from "CAPS"	46,500.00	46,500.00	40,000.00	6,500.00	
Total Operations - Excluded from "CAPS"	46,500.00	46,500.00	40,000.00	6,500.00	
Detail:					
Other Expenses	46,500.00	46,500.00	40,000.00	6,500.00	
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	430,000.00	430,000.00	430,000.00		
Interest on Bonds	168,249.04	168,249.04	168,249.04		
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	31,656.94	31,656.94	31,656.94		
Capital Lease Program	291,870.91	291,870.91	291,870.91		
Environmental Infrastructure Trust Loan	160,000.00	160,000.00	158,320.79		1,679.21
Total Municipal Debt Service Excluded from "CAPS"	1,081,776.89	1,081,776.89	1,080,097.68		1,679.21

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 TY BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Deferred Charges - Municipal - Excluded from "CAPS"						
Deferred Charges: Judgements	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$	\$	\$
Total Deferred Charges - Municipal - Excluded from "CAPS"	25,000.00	25,000.00	25,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,153,276.89	1,153,276.89	1,145,097.68	6,500.00		1,679.21
Subtotal General Appropriations	7,210,926.89	7,210,926.89	6,487,859.68	389,929.39	331,458.61	1,679.21
Reserve for Uncollected Taxes	300,000.00	300,000.00	300,000.00			
Total General Appropriations	\$ 7,510,926.89	\$ 7,510,926.89	\$ 6,787,859.68	\$ 389,929.39	\$ 331,458.61	\$ 1,679.21
Ref.	A-2		A-1	A, A-1	A, A-1	
Adopted Budget	A-2	\$ 7,510,926.89				
		\$ 7,510,926.89				
Disbursed	A-4		\$ 6,485,310.43			
Reserve for Uncollected Taxes	A-7		300,000.00			
Accounts Payable	A-14		2,549.25			
			\$ 6,787,859.68			

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

TRUST FUNDS  
BALANCE SHEET - REGULATORY BASIS  
FOR THE SIX MONTH TRANSITION YEAR ENDED DECEMBER 31, 2009

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
<b>Animal Control Fund</b>			<b>Animal Control Fund</b>		
Cash	B-1 \$	3,391.44	Due to State of New Jersey	B-2 \$	204.00
Change Fund	B-1	50.00	Due to Current Fund	B-3	3,711.49
Deficit in Animal Control Reserve	B-3	474.05			
<b>Total Animal Control Fund</b>		<u>3,915.49</u>	<b>Total Animal Control Fund</b>		<u>3,915.49</u>
<b>Other Trust Fund</b>			<b>Other Trust Fund</b>		
Cash	B-1	464,503.38	Reserve for Various Trust Activities	B-4	464,503.38
<b>Total Other Trust Fund</b>		<u>464,503.38</u>	<b>Total Other Trust Fund</b>		<u>464,503.38</u>
<b>LOSAP Fund (Unaudited)</b>			<b>LOSAP Fund (Unaudited)</b>		
Cash and Investments - Trustee	B	40,005.53	Res. for LOSAP Funds Held by Trustee	B	40,005.53
<b>Total LOSAP Fund</b>		<u>40,005.53</u>	<b>Total LOSAP Fund</b>		<u>40,005.53</u>
		<u>\$ 508,424.40</u>			<u>\$ 508,424.40</u>

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
FOR THE SIX MONTH TRANSITION YEAR ENDED DECEMBER 31, 2009

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2009</u>
Cash and Investments - Treasurer	C-2	\$ 779,790.60
State, Federal Local Grants Receivable	C-4	961,393.30
Deferred Charges to Future Taxation:		
Funded	C-5	9,292,373.72
Funded - Leases	C-5	1,569,200.00
Unfunded	C-6	912,003.00
Due from Current Fund	C-7	3,444.00
Due from Monmouth County Improvement Authority		<u>33,038.90</u>
		<u><u>\$ 13,551,243.52</u></u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>		
Serial Bonds	C-9	\$ 6,692,000.00
Leases Payable	C-14	1,569,200.00
Environmental Infrastructure Trust Loan	C-11	2,001,872.03
Green Acres Loan	C-12	572,501.69
Demolition Loan	C-13	26,000.00
Reserve for Encumbrances	C-8	60,461.50
Due Water and Sewer Utility Capital Fund	C-7	6,000.00
Improvement Authorizations:		
Funded	C-8	1,715,571.29
Unfunded	C-8	748,837.23
Reserve for:		
Capital Improvement Fund	C-15	46,256.67
RCA Interest Income	C-16	29,167.05
Premium on Bonds/Notes Sale	C-17	57,876.06
Capital Improvements - Sale of Assets	C-18	<u>25,500.00</u>
		<u><u>\$ 13,551,243.52</u></u>
 Authorized But Not Issued	 C-19	 <u><u>\$ 912,003.00</u></u>

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
 STATEMENT OF FUND BALANCE- REGULATORY BASIS  
FOR THE YEAR SIX MONTH TRANSITION YEAR ENDED DECEMBER 31, 2009

	<u>REF.</u>		
Balance - June 30, 2009	C	\$	0.00
Balance - December 31, 2009	C	\$	<u>0.00</u>

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY  
WATER AND SEWER UTILITY FUND  
BALANCE SHEET - REGULATORY BASIS  
FOR THE SIX MONTH TRANSITION YEAR ENDED DECEMBER 31, 2009

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2009</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2009</u>
Operating Fund:					
Cash and Investments - Treasurer	D-5	\$ 718,024.82	Liabilities:		
Change Fund	D-7	250.00	Approp. Reserves	D-4	\$ 16.09
Due Water & Sewer Utility Capital Fund	D-10	150,000.00	Accounts Payable	D-14	5,221.19
Due Current Fund			Water and Sewer Rent Overpayments	D-15	16,749.80
Total Cash		<u>868,274.82</u>	Reserve for Encumbrances	D-4	457,025.95
			Due to Current Fund	D-10	6,034.73
			Accrued Interest on Bonds	D-16	43,931.99
Receivables With Offsetting			Total Liabilities		528,979.75
Reserves:			Reserve for Receivables	Reserve	925,437.04
Water and Sewer Rents Receivable	D-8	178,806.77	Fund Balance	D-1	339,295.07
Deposit with Bayshore Authority	D-9	<u>746,630.27</u>			
Total Receivables		<u>925,437.04</u>	Total Operating Fund		<u>1,793,711.86</u>
Total Operating Fund		<u>1,793,711.86</u>	Capital Fund:		
Capital Fund:			Serial Bonds Payable	D-17	9,585,000.00
Cash and Investments - Treasurer	D-5	81,168.91	Accounts Payable	D-19	3,660.00
Due General Capital Fund	D-11	6,000.00	Due Water & Sewer Utility Oper. Fund	D-11	150,000.00
Fixed Capital	D-12	24,320,950.83	Improvement Authorizations		
Fixed Capital Authorized and			Funded	D-18	6,560.44
Uncompleted	D-13	3,128,660.00	Unfunded	D-18	2,968,524.76
Total Capital Fund		<u>27,536,779.74</u>	Reserve for:		
			Amortization	D-21	14,735,950.83
			Deferred Reserve for Amortization	D-22	3,660.00
			Capital Improv. Fund	D-20	77,000.00
			Fund Balance	D-2	6,423.71
			Total Capital Fund		<u>27,536,779.74</u>
Total Assets		<u>\$ 29,330,491.60</u>	Total Liabilities, Reserves and Fund Balance		<u>\$ 29,330,491.60</u>

There were Bonds and Notes Authorized but Not Issued at December 31, 2009 in the amount of \$3,125,000.00 (Exhibit D-23).

Note: See Notes to Financial Statements.



BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND  
 STATEMENT OF OPERATIONS AND CHANGE  
 IN FUND BALANCE - REGULATORY BASIS  
FOT THE SIX MONTH TRANSITION YEAR ENDED DECEMBER 31, 2009

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>BALANCE TY 2009</u>
Fund Balance Anticipated	D-3	\$ 75,000.00
Miscellaneous Revenues Anticipated	D-3	2,315,777.93
Miscellaneous Revenues Not Anticipated	D-5	2,322.00
Other Credits to Operations:		
Unexpended Balance of Approp. Res.	D-14	<u>176,367.93</u>
Total Revenues		<u>2,569,467.86</u>
 <u>EXPENDITURES</u>		
Budget Appropriations:	D-4	<u>2,348,603.68</u>
Total Expenditures		<u>2,348,603.68</u>
Statutory Excess (Deficit) to Surplus		220,864.18
 <u>FUND BALANCE</u>		
Balance - July 1	D	<u>193,430.89</u>
		<u>414,295.07</u>
Decreased by:		
Appropriated as Revenue in in Current Year Budget	D-3	<u>75,000.00</u>
Balance - June 30	D	<u>\$ 339,295.07</u>

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

WATER AND SEWER UTILITY CAPITAL FUND  
 STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE SIX MONTH TRANSITION YEAR ENDED DECEMBER 31, 2009

	<u>REF.</u>		
Balance - June 30, 2008	D	\$	6,423.71
Balance - June 30, 2009	D	\$	<u><u>6,423.71</u></u>

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
FOT THE SIX MONTH TRANSITION YEAR ENDED DECEMBER 31, 2009

	<u>REF.</u>	2009 <u>TY BUDGET</u>	<u>REALIZED</u>	EXCESS OR <u>(DEFICIT)</u>
Operating Surplus		\$ 75,000.00	\$ 75,000.00	\$ -
Water and Sewer Rents		2,484,150.00	2,282,555.44	(201,594.56)
Interest on Delinquent Payments		27,500.00	32,855.71	5,355.71
Interest on Investments and Deposits		1,500.00	366.78	(1,133.22)
		<hr/>	<hr/>	<hr/>
		\$ <u>2,588,150.00</u>	\$ <u>2,390,777.93</u>	\$ <u>(197,372.07)</u>
	<u>Ref.</u>	D-4	D-1	

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE SIX MONTH TRANSITION YEAR ENDED DECEMBER 31, 2009

	2009 TY BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED		
Operating:						
Salaries and Wages	\$ 285,000.00	\$ 285,000.00	\$ 285,000.00	\$	\$	\$
Other Expenses	1,264,150.00	1,264,150.00	572,107.96	457,025.95	16.09	235,000.00
Debt Service:						
Payment on Bond Principal	782,000.00	782,000.00	782,000.00			
Interest on Bonds	235,000.00	235,000.00	230,453.68			4,546.32
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	22,000.00	22,000.00	22,000.00			
Total Water & Sewer Utility Appropriations	\$ 2,588,150.00	\$ 2,588,150.00	\$ 1,891,561.64	\$ 457,025.95	\$ 16.09	\$ 239,546.32
Ref:	D-3		D-1	D, D-1	D, D-1	
Cash Disbursements			\$ 1,661,107.96			
Accrued Interest on Bonds, Notes and Loans			230,453.68			
			\$ 1,891,561.64			

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
SIX MONTH TRANSITION YEAR ENDED DECEMBER 31, 2009

Note 1:      FORM OF GOVERNMENT

The Borough of Keansburg operates under the legislative authority of the Optional Municipal Charter Law (N.J. Article 12A, Laws of 1950, Ch. 210 as amended, representing the Council-Manager Plan "B"), which provides for the election of five members of council serving staggered four year terms. On the first day of July, following the election, unless that day be a Sunday, the members of the Municipal Council assemble and elect one of the Councilpersons as mayor for a one year term. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to an administrator and the organization of the council into standing committees to oversee various Borough activities.

Note 2:      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A.      Reporting Entity

Except as noted below, the financial statements of the Borough of Keansburg include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Keansburg, as required by N.J.S.A. 40A: 5-5. Accordingly, the financial statements of the Borough of Keansburg do not include the operations of the municipal library, the board of education, the housing authority, redevelopment agency, first aid organizations or volunteer fire companies.

B.      Description of Funds

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

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the following funds and accounts are reported within the Trust Fund:

Animal Control Fund  
Other Trust Fund

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes. Debt obligations authorized in conjunction with the Borough's conversion to the state's fiscal year are also accounted for in the General Capital Fund.

Water and Sewer Utility Fund - resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Water and Sewer Utility.

## NOTES TO FINANCIAL STATEMENTS

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

#### B. Description of Funds (Cont'd.)

Governmental Fixed Assets - the Governmental Fixed Asset System is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ from the organization of funds prescribed under the regulatory basis of accounting utilized by the Borough. The resultant presentation of financial position and results of operations in the form of financial statements is not intended to present the basic financial statement presentation required by GAAP.

#### C. Basis of Accounting

Basis of Accounting and Measurement Focus – The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a “current financial resources” measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other significant differences are as follows:

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, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Borough budget. Receivables for property taxes and water utility consumer charges are recorded with offsetting reserves within the Current Fund and Water and Sewer Utility, respectively. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of the water and sewer utility consumer charges, which should be recognized in the period they are earned and become measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Borough "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability.

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

## C. Basis of Accounting (Cont'd.)

Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP.

For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of over-expenditures and emergency appropriations. Over-expenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Over-expenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of over-expenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2009 is set forth in Note 5.

New Jersey statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library or transferred to the custody of the Library's management are recorded as budgetary expenditures of the Borough, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library would be recognized as a "component unit" of the Borough, and discrete reporting of the Library's financial position and operating results would be incorporated in the Borough's financial statements.

Compensated Absences - The Borough has established policies through employee contracts and municipal ordinances which set forth the terms under which an employee may accumulate earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. The Borough records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Water and Sewer Utilities) fund on a full accrual basis.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. For the six month period ended December 31, 2009 the Borough's financial statements reflect a cumulative total of \$186,800.00. GAAP requires such property to be recorded as a general fixed asset at the lower of cost or fair market value.

Self -Insurance Reserves - Charges to self-insurance reserves are recorded when payments of claims and related expenses are made. Increases to self-insurance reserves are recorded from budgetary appropriations in the accounting period in which budgetary expenditures are recorded. Earnings on investments and miscellaneous reimbursements are credited to reserves when received in cash. GAAP requires that liabilities for incurred claims be recorded as determined actuarially, and that operating transfers to self-insurance funds not exceed the amount determined.

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

C. Basis of Accounting (Cont'd.)

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the accounting period the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. Although the expenditure method of accounting for purchases of supplies is in accordance with GAAP, the cost of inventory on hand at the close of the year should be reported on the balance sheet with an offsetting reserve for conformity with GAAP.

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property may be realized as revenue or reserved until utilized as an item of revenue in a subsequent year budget. Year-end balances of reserved proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of the sales contracts become legally enforceable.

Governmental Fixed Assets - Property and equipment acquired by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds. Property and equipment purchased by the Water and Sewer Utility Fund are recorded in their respective capital accounts at cost and are adjusted for dispositions and abandonment. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water and Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements, and costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

N.J.A.C. 5:30 - 5.6, issued by the Local Finance Board, Department of Community Affairs, State of New Jersey, established a mandate for fixed asset accounting by municipalities, effective December 31, 1985. The Borough has not developed a governmental fixed asset accounting and reporting system and, accordingly, a Statement of Governmental Fixed Assets, which is required pursuant to generally accepted accounting principles and accounting practices prescribed for municipalities by the State of New Jersey, is not included in the financial statements.

Fixed Capital – Water and Sewer Utility – Capital acquisitions, including utility infrastructure costs of the Utilities are recorded at cost upon purchase or project completion in the Fixed Capital Account of the Utilities. Fixed Capital accounts are adjusted for dispositions or abandonments. The accounts include Moveable Fixed Assets of the Utilities, but are not specifically identified and are considered as duplicated in the Fixed Asset Group of Accounts. The condition is considered as insignificant on its effect on the financial statements taken as a whole. Utility improvements that may have been constructed by developers and transferred to the Borough are not recorded as additions to Fixed Capital.

Fixed Capital of the Utilities is offset by accumulations in Amortization Reserve Accounts. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utilities represent charges to operations for the costs of acquisitions of property, equipment and improvement and costs funded from sources other than bonded debt of the utilities. The utilities do not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.



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

C. Basis of Accounting (Cont'd.)

Disclosures About Fair Value of Financial Instruments - The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments: The carrying amount approximates fair value because of the short maturity of those investments.

Long-term debt: The Borough's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Borough's long-term debt is disclosed in Note 3 to the financial statements.

Recent Accounting Standards

GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" in February 2009. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied.

GASB issued Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" in March 2009. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB issued Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards" in March 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

GASB issued Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans" in December 2009. The statement establishes standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total plan members and by the agent multiple-employer OPEB plans in which they participate.

GASB issued Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies" in December 2009. This Statement establishes accounting and financial reporting standards for all governments that have petitioned for relief under Chapter 9 of the U.S. Bankruptcy Code or have been granted relief under the provisions of Chapter 9 including governments that enter into bankruptcy and not expected to emerge as a going concern.

The Borough does not prepare its financial statements in accordance with accounting principles generally accepted in the United States of America. The adoption of these new standards will not adversely effect the reporting on the Borough's financial condition.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

## Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

The Local Bond Law, Chapter 40A:2 et seq, governs the issuance of bonds to finance municipal capital expenditures. The Borough's debt is summarized as follows:

A. Summary of Municipal Debt for Capital Projects

	<u>TY 2009</u>
<u>Issued:</u>	
General:	
Bonds and Notes and Loans	\$ 9,292,373.72
Water and Sewer Utility:	
Bonds and Notes	<u>9,585,000.00</u>
Total Issued	<u>18,877,373.72</u>
Net Issued	<u>18,877,373.72</u>
 <u>Authorized But Not Issued:</u>	
General:	
Bonds and Notes	912,003.00
Water and Sewer Utility:	
Bonds and Notes	<u>3,125,000.00</u>
Total Authorized But Not Issued	<u>4,037,003.00</u>
Total Bonds and Notes Issued and Authorized but not Issued	<u>\$ 22,914,376.72</u>

## Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

Summarized below are the Borough's individual bond and loan issues which were outstanding at December 31, 2009.

	<u>TY 2009</u>
<u>General Debt:</u>	
\$2,005,000, General Obligation Refunding Bonds, Series 2002 due in annual installments of \$245,000 to \$285,000 through December 2010, interest at 4.000% to 4.125%.	285,000.00
\$2,967,000, General Obligation Bonds of 2003, due in annual installments of \$115,000 to \$150,000 through July 2024, interest at 4.75% to 5.00%.	2,247,000.00
\$4,170,000, General Obligation Bonds of 2008, due in annual installments of \$10,000 to \$482,000 through December 2023, interest at 3.00% to 5.00%.	4,160,000.00
\$2,910,000, 2001 Drainage Improvements - Environmental Trust Fund Loan, issued October 2001, annual installments through October 2020 bearing interest at 2.50% to 2.625% net	1,814,165.50
2001 Drainage Improvements - Environmental Trust Fund Loan, issued October 2001, annual installments through October 2020 bearing interest rates of 2.50% to 2.625% net	187,706.53
Green Acres Loan due in annual installments through 2028	572,501.69
Demolition Loan due in annual installments of \$6,500 through 2013.	26,000.00
Total General Capital Debt	<u>\$ 9,292,373.72</u>
<u>Utility Debt:</u>	
\$1,000,000, 1995 Various Improvements to Water System due in annual installments of \$45,000 to \$75,000 through July 2015, interest at 5.05% to 5.50%.	400,000.00
\$1,000,000, 1998 Various Improvements to Water System due in annual installments of \$45,000 to \$75,000 through December 2018, interest at 4.10% to 5.00%.	555,000.00
\$12,635,000 General Obligation Refunding Bonds due in annual installments of \$600,000 to \$1,030,000 through December 2019, interest at 2.500% to 4.00%.	8,400,000.00
\$242,000 General Obligation Bonds of 2008 due in annual installments of \$12,000 to \$22,000 through December 2023, interest at 3.00% to 5.00%.	230,000.00
Total Utility Debt	<u>9,585,000.00</u>
Total Debt Issued and Outstanding	<u><u>\$ 18,877,373.72</u></u>

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

B. Summary of Statutory Debt Condition - Annual Debt Statement - TY 2009

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

<u>TY 2009</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 4,345,000.00	\$ 4,345,000.00	-
Water Utility and Sewer Utility Debt	12,710,000.00	12,710,000.00	-
General Debt	<u>10,204,376.72</u>		<u>10,204,376.72</u>
	<u>\$ 27,259,376.72</u>	<u>\$ 17,055,000.00</u>	<u>\$10,204,376.72</u>

Net Debt \$10,204,376.72 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended  
 $\$799,455,981.00 = 1.28\%$

EQUALIZED VALUATION BASIS

2007 Equalized Valuation Basis of Real Property	788,948,982.00
2008 Equalized Valuation Basis of Real Property	825,331,061.00
2009 Equalized Valuation Basis of Real Property	<u>784,087,899.00</u>
Average Equalized Valuation	<u>\$ 799,455,980.67</u>

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

3 1/2% of Equalized Valuation Basis Municipal Net Debt	\$ 27,980,959.34
	<u>\$10,204,376.72</u>
Remaining Borrowing Power	<u>\$ 17,776,582.62</u>

## Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd.)Calculation of "Self-Liquidating Purpose"  
Water and Sewer Utility Per N.J.S.A. 40A:2-45

The calculation of "Self-Liquidating Purpose" for the Water and Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

TY 2009

Cash Receipts from Fees, Rents or Other	
Charges for Year	\$ 2,393,099.93
Deductions:	
Operating & Maintenance Cost	1,336,150.00
Debt Service Per Water & Sewer Acct.	<u>1,012,453.68</u>
Total Deductions	<u>2,348,603.68</u>
Excess/(Deficit) in Revenue	\$ <u><u>44,496.25</u></u>

The difference between the excess in revenues for debt statement purposes and the statutory cash basis for the Water and Sewer Utility is as follows:

Excess/(Deficit) in Revenues - Cash Basis (D-1)	\$ 220,864.18
Less: Unexpended Balance of Appropriation Reserves	<u>176,367.93</u>
	<u>176,367.93</u>
Excess/(Deficit) in Revenue	\$ <u><u>44,496.25</u></u>

## Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. Capital Lease Purchase Agreements

The Borough is obligated to the Monmouth County Improvement Authority for County-Guaranteed Pooled Lease Revenue Bonds under the 2001, 2003, 2005 and 2009 Capital Equipment Improvement Lease Programs.

<u>Year Ending December 31</u>	<u>Series 2001</u>	<u>Series 2003</u>	<u>Series 2005</u>	<u>Series 2009</u>	<u>Series Total</u>
2010	\$ 62,851.46	\$ 135,502.36	\$ 122,198.00	\$ 85,458.38	\$ 406,010.20
2011	62,802.46	135,444.60	82,562.00	96,795.00	377,604.06
2012		135,494.26	82,650.00	96,155.00	314,299.26
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 Payments	<u>\$ 125,653.92</u>	<u>\$ 541,891.22</u>	<u>\$ 535,275.00</u>	<u>\$ 584,153.38</u>	<u>\$ 1,786,973.52</u>
Interest Component	<u>\$ 7,353.92</u>	<u>\$ 53,191.22</u>	<u>\$ 76,075.00</u>	<u>\$ 81,153.38</u>	<u>\$ 217,773.52</u>

D. 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 Ending December 31</u>	<u>10/15/2001</u>		<u>10/15/2001</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 143,867.64	\$ 51,306.26	\$ 11,472.91	\$ 5,050.00
2011	149,781.04	47,806.26	11,295.79	4,775.00
2012	147,497.54	44,056.26	11,118.67	4,500.00
2013	153,258.71	40,306.26	10,941.55	4,225.00
2014	158,867.64	36,306.26	18,984.79	3,950.00
2015	164,324.34	32,056.26	18,662.75	3,450.00
2016	169,560.30	27,443.76	18,340.72	2,950.00
2017	174,640.22	22,575.00	18,018.68	2,450.00
2018	179,487.99	17,325.00	17,696.64	1,950.00
2019	184,175.91	11,812.50	17,374.61	1,450.00
2020	188,704.17	6,037.50	17,052.57	950.00
2021			16,746.85	475.00
	<u>\$ 1,814,165.50</u>	<u>\$ 337,031.32</u>	<u>\$ 187,706.53</u>	<u>\$ 38,825.00</u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

E. Green Acres Loan - 1321-92-039

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2010	\$ 14,053.08	\$ 2,180.94	\$ 16,234.02
2011	14,335.56	1,898.48	16,234.04
2012	14,623.70	1,610.33	16,234.03
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>\$ 112,542.81</u>	<u>\$ 9,212.39</u>	<u>\$ 121,755.20</u>

Green Acres Loan - 1321-95-049

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2010	\$ 1,358.98	\$ 537.61	\$ 1,896.59
2011	1,386.29	510.30	1,896.59
2012	1,414.16	482.43	1,896.59
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>\$ 27,218.54</u>	<u>\$ 5,023.42</u>	<u>\$ 32,241.96</u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

E. Green Acres Loan - 1321-95-049(A) (Cont'd)

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2010	\$ 32,502.32	\$ 6,568.67	\$ 39,070.99
2011	33,155.61	5,915.37	39,070.98
2012	33,822.03	5,248.95	39,070.98
2013	34,501.87	4,569.13	39,071.00
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>\$ 336,518.55</u>	<u>\$ 34,655.82</u>	<u>\$ 371,174.37</u>

Green Acres Loan - 1323-03-012

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2010	\$ 4,208.80	\$ 1,903.50	\$ 6,112.30
2011	4,293.40	1,818.90	6,112.30
2012	4,379.69	1,732.61	6,112.30
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>\$ 96,221.81</u>	<u>\$ 19,911.88</u>	<u>\$ 116,133.69</u>



NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

F. Demolition Loan

<u>Year Ending December 31</u>	<u>Principal</u>
2010	\$ 6,500.00
2011	6,500.00
2012	6,500.00
2013	<u>6,500.00</u>
	<u>\$ 26,000.00</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

G. Schedule of Annual Debt Service for Principal and Interest for  
Borough Bonded Debt Issued and Outstanding

Calendar Year	Principal	General Interest	Principal	Water and Sewer Utility Interest	Total
2010	\$ 445,000.00	\$ 319,938.77	\$ 817,000.00	\$ 429,162.50	\$ 2,011,101.27
2011	160,000.00	300,657.50	848,000.00	398,227.50	1,706,885.00
2012	378,000.00	293,132.50	878,000.00	365,325.00	1,914,457.50
2013	397,000.00	274,607.50	919,000.00	330,265.00	1,920,872.50
2014	417,000.00	255,132.50	949,000.00	292,675.00	1,913,807.50
2015	437,000.00	234,657.50	995,000.00	253,075.00	1,919,732.50
2016	458,000.00	213,182.50	961,000.00	210,155.00	1,842,337.50
2017	478,000.00	193,737.50	1,016,000.00	160,130.00	1,847,867.50
2018	498,000.00	173,492.50	1,072,000.00	107,235.00	1,850,727.50
2019	524,000.00	148,097.50	1,048,000.00	51,217.50	1,771,315.00
2020	547,000.00	124,142.50	19,000.00	4,057.50	694,200.00
2021	573,000.00	98,777.50	20,000.00	3,202.50	694,980.00
2022	601,000.00	70,127.50	21,000.00	2,202.50	694,330.00
2023	632,000.00	38,950.00	22,000.00	1,100.00	694,050.00
2024	147,000.00	7,350.00			154,350.00
					-
Totals	<u>\$ 6,692,000.00</u>	<u>\$ 2,745,983.77</u>	<u>\$ 9,585,000.00</u>	<u>\$ 2,608,030.00</u>	<u>\$ 21,631,013.77</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2009 were appropriated and included as anticipated revenue in their own respective funds for the Six Month Transition Year ending December 31, 2009 as follows:

	<u>Fund Balance December 31, 2009</u>	<u>Utilized in Succeeding Budget</u>
Current Fund	\$523,111.49	\$500,000.00
Water and Sewer Utility Operating Fund	339,295.07	300,000.00

### Note 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2009 the following deferred charges are shown on the balance sheets of the various funds:

	<u>June 30, 2009 Balance</u>	<u>TY 2009 Increase (Decrease)</u>	<u>December 31, 2009 Balance</u>
Current Fund:			
Special Emergency:			
Revaluation of Real Property	\$116,000.00	\$0.00	\$116,000.00
Animal Control Fund:			
Deficit in Animal Control Reserve	\$0.00	\$474.05	\$474.05

### Note 6: CASH, CASH EQUIVALENTS 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 insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000

## Note 6: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONT'D.)

Deposits (Cont'd.)

The State of New Jersey Cash Management Fund is authorized by statutes 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. "Other Than State" participants contribute one and one-half percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

As of December 31, 2009, the Borough's cash, cash equivalents and investments on deposit are summarized as follows:

<u>Category</u>	<u>2009</u>
Cash (Demand, Save, & C of D)	\$3,439,616.91
Change Funds (On-Hand)	<u>775.00</u>
Total	<u>\$3,440,391.91</u>

At December 31, 2009, based upon GASB criteria, the Borough considers change funds, cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At year-end, the book amount of the Borough's deposits was \$3,699,461.12 and the bank balance was \$3,439,616.91. Of the bank balance, \$526,730.12 was covered by Federal depository insurance and \$2,912,886.79 was covered under the provisions of NJGUDPA.

**Custodial Credit Risk – Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned. The government does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute. As of December 31, 2009, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the Borough's bank balance was considered exposed to custodial risk.

Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;

## NOTES TO FINANCIAL STATEMENTS

### Note 6: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONT'D.)

#### Investments (cont'd.)

5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of the Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52: 18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other Than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of December 31, 2009, the Borough had no funds on deposit with the New Jersey Cash Management Fund

Generally, the Borough's investments consist of money market, savings accounts and certificate of deposits. Based upon the existing deposit and investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

### Note 7: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

A taxable valuation of real property is prepared by the Tax Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. The County Board of Taxation establishes tax rates to reflect the levy necessary for municipal, local school district, special district and county taxes.

The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before. The formula used to calculate tax bills under P.L. 1994, C. 72 are as follows:

## Note 7: ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONT'D.)

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous years billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent. In addition, the law now allows for, and the Borough has authorized, the imposition of a penalty of 6% on delinquencies exceeding \$10,000.00 that remains unpaid at the end of a calendar year. If taxes remain delinquent on or after April 1 of the succeeding fiscal year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property, and allows the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish property taxes as a lien on real estate as of the first day of the fiscal year of the municipality, even though the full amount due is not known.

As County, School and Special District tax requirements are certified to the County Board of Taxation on a calendar year basis and within a time frame which precludes the certification of a municipal purpose tax certification for the calendar year, the conversion to a fiscal year has necessitated that tax bills be prepared and mailed by the Tax Collector twice annually. The law requires tax bills for the first and second installments to be delivered on or before October 1 of the pre-tax year, and bills for the third and fourth installments to be delivered on or before June 14. The statutory requirement to deliver tax bills for the first and second installments by October 1 of the pre-tax year requires that these bills utilize assessed valuations from the pre-tax year. As a result, tax bills for the third and fourth installments will also include adjustments to reflect the results of changes in assessed valuations from the pre-tax year to the current tax year.

In accordance with the accounting principles presented by the State of New Jersey, taxes receivable and tax title liens are realized when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible.

## Note 8: PENSION AND RETIREMENT PLANS

Employees of the Borough of Keansburg are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Borough who are members of the plan are not available. The contributions for the six month transition year ended December 31, 2009, exclusive of contributions from employees were \$0.00 for PERS and \$0.00 for PFRS.

Recent legislation (P.L. 2003, c.108) authorized a five-year phase-in of PFRS and PERS appropriations for the purpose of funding normal and accrued liability contributions to the systems. The PFRS phase in began in SFY 2004 and concluded in 2008 and the PERS phase-in began in SFY 2005 and concluded in 2009. Required contributions will be exempt from the "CAP" calculation of permitted appropriation levels. The Township had no time to phase-in contributions for PFRS and PERS for TY 2009.

## NOTES TO FINANCIAL STATEMENTS

### Note 8: PENSION AND RETIREMENT PLANS (CONT'D)

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

### Note 9: POST-RETIREMENT HEALTH CARE BENEFITS

In addition to the pension and retirement plans described in Note 8, the Borough provides post-retirement health care benefits, in accordance with State statutes, to employees who retire from the Borough with at least 25 years of service. Benefits consist of full medical, dental, prescription and optical coverage, and expenditures are recognized as claims are reported. At December 31, 2009, thirty-six (36) retirees were receiving post retirement health care benefits.

### Note 10: ACCRUED SICK AND VACATION BENEFITS

The Borough of Keansburg has established policies, which set forth the terms under which an employee may accumulate unused benefits. The Borough permits its employees to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. Effective for financial statements dated December 31, 1987, the state has required all municipalities to disclose the estimated current cost of such unpaid compensation would be \$1,174,287.00 at December 31, 2009. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. This amount is not intended to reflect liability for accrued compensated absences in accordance with GAAP.

### Note 11: RISK MANAGEMENT

Property and Liability Insurance and Workman's Compensation – The Borough, together with other governmental units, is a member of the Statewide Insurance Fund (the Fund). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. The Fund's governing board based upon actuarial and budgetary requirements calculates payments to the Fund. Each participant in the Fund is jointly and severally obligated for any deficiency in the amount available to pay all claims. Lines of coverage provided by the Fund include property; boiler and machinery; equipment floater; auto physical; blanket bond; auto liability; general liability; law enforcement liability; public official liability and worker compensation and employer liability.

For the year ending December 31, 2009 the Fund provided the following coverage:

<u>COVERAGE</u>	<u>DEDUCTIBLE</u>	<u>LIMITS</u>
1. Property (Blanket Bldg. & Contents) (Scheduled) Flood & Earthquake	\$1,000 \$25,000	\$150,000,000
2. Boiler & Machinery	\$1,000	\$150,000,000
3. Equipment Floater (Scheduled)	\$1,000	Include in Property
4. Auto Physical Damage (Scheduled)	\$1,000	Actual Cash Value

# NOTES TO FINANCIAL STATEMENTS

## Note 11: RISK MANAGEMENT (CONT'D)

<u>COVERAGE</u>	<u>DEDUCTIBLE</u>	<u>LIMITS</u>
5. Blanket Bond – Employee Theft/Forgery Alteration, Computer Fraud Theft of Money & Securities, Robbery Safe Burglary	\$2,500  \$1,000	\$250,000  \$50,000
6. Auto Liability	NIL	\$10,000,000
7. General Liability	NIL	\$10,000,000
8. Law Enforcement Liability	\$15,000	\$6,000,000
9. Public Official Liability	\$50,000	\$6,000,000
10. Worker Comp. & Employer Liability	NIL	Statutory
11. Employer's Liability	NIL	\$2,000,000

As of the filing of this report, the Fund reports for December 31, 2009 were not available.

Employee Medical, Dental & Prescription Insurance – The Borough's Employee Health Insurance program is insured with policy based coverage's through various insurance carriers.

Workers Compensation – Prior Year – As more fully discussed in Note 16 "Commitments and Contingencies", the Borough is exposed to the settlement of prior years workers compensation claims. The Borough currently budgets its annual worker's compensation claim on the cash basis. No determination has made or accrued for potential lost reserves and/or settlement.

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's Unemployment Insurance Trust Fund for the current and prior two years:

<u>Year</u>	<u>Borough, Employee Contributions &amp; Earnings</u>	<u>Amount Reimbursed/ Owed</u>	<u>Ending Balance</u>
TY 2009	\$99.44	\$14,356.61	\$30,430.90
SFY 2009	332.92	10,814.13	44,688.07
SFY 2008	17,273.02	28,763.14	55,169.28



## NOTES TO FINANCIAL STATEMENTS

### Note 12: INTERFUND RECEIVABLES/PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$9,746.22	\$3,444.00
Animal Control Fund	0.00	3,711.49
General Capital Fund	3,444.00	6,000.00
Water and Sewer Utility Capital Fund	6,000.00	150,000.00
Water and Sewer Operating Utility Fund	150,000.00	6,034.73
	<hr/>	<hr/>
Totals	\$169,190.22	\$169,190.22
	<hr/>	<hr/>

### Note 13: SEWER RENT RESERVE ACCOUNT

Pursuant to an agreement with the Bayshore Regional Sewerage Authority, dated December 15, 1971, the Borough of Keansburg 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 amounts of \$746,630.27 as of December 31, 2009.

### Note 14: DEFERRED COMPENSATION TRUST FUND

The Borough of Keansburg, County of Monmouth Deferred Compensation Plan was established pursuant to section 457 of the Internal Revenue Code of 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 of Keansburg, County of Monmouth has engaged a private contractor to administer the plan. The Borough has implemented revisions to the Deferred Compensation Plan to comply with Federal and State regulation.

### Note 15: LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED

The Borough has instituted a Length of Service Award Program (LOSAP) pursuant to section 457(e) of the Internal Revenue Service Code and P.L. 1997, C. 388 as amended by P.L. 2001, C. 272 of the Statutes of New Jersey. The program provides for fixed annual contributions to a deferred income account for volunteer firefighters and first aid and rescue squad members who meet specified service criteria. In accordance with State of New Jersey regulations, LOSAP is subject to an accountant's review report and is unaudited. The unaudited LOSAP balances are included within the trust funds.

During TY 2009, the Borough has funded \$40,005.53 of the CY 2008 requirement leaving a balance of \$31,000 that was subsequently budgeted and remitted in 2010.

Note 16: COMMITMENTS AND CONTINGENCIES

Federal and State Assistance Programs

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2009, Borough management does not believe that any material liabilities will result from such audits.

Contingencies – Tax Appeals

The Borough is subject to pending tax appeals, which at this time, no assessment could be made.

Contingencies – Workers Compensation Claims (1998-2001)

The Borough is exposed to workers compensation claims experienced during prior years when the Borough retained the risk of providing workers compensation benefits. The Borough does not maintain a loss reserve calculation, and therefore no determination or assessment can be made. The Borough has established a workers compensation reserve in the amount of \$1,384.47 at December 31, 2009.

Contingencies – Pending or Threatening Litigation

As at the date of this report, the Borough had litigation pending or threatened. This litigation can be generally categorized as potential litigation as notice of tort claim has been provided to the Borough and litigation involving enforcement of lease provisions. As of the date of this report, no determination of the possibility of an unfavorable outcome can be made with respect to the pending or threatened litigation.

Note 17: SUBSEQUENT EVENTS

Bonds, Notes, and Capital Leases Authorized

On July 22, 2009 the Borough authorized by resolution an amount not exceeding \$2,500,000 General Obligation Bonds, Series 2009, and, providing for sale to the New Jersey Environmental Infrastructure Trust and the State of New Jersey.

On August 26, 2009, the Borough adopted ordinance number 1487 appropriating \$630,000 for Acquisition of Equipment through the Monmouth County Improvement Authority Capital Lease Program.

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

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PART II  
SUPPLEMENTAL FINANCIAL STATEMENTS  
SUPPLEMENTARY DATA  
GENERAL COMMENTS AND RECOMMENDATIONS

CURRENT FUND

SCHEDULE OF CASH AND INVESTMENTS -  
TREASURER

	REF.	CURRENT FUND	GRANT FUND
Balance - June 30, 2009	A	\$ 1,679,760.35	\$ 38,816.89
Increased by Receipts:			
Miscellaneous Revenues Not Anticipated	A-8	71,249.70	
Miscellaneous Anticipated Revenue	A-2	2,931,137.53	
Due from State of N.J. - Ch. 73, P.L. 1976	A-6	96,133.57	
Tax Overpayments	A-12	20,387.75	
Taxes Receivable	A-7	7,472,196.74	
Due from M.C.I.A.	A-1	7,980.00	
Various Accounts Payable & Reserves	A-14	312,507.65	
Interfunds	A-10, A-16		750.38
Grants Receivable	A-15		9,742.07
Unappropriated Grant Reserves	A-18		6.16
		<u>10,911,592.94</u>	<u>10,498.61</u>
		12,591,353.29	49,315.50
Decreased by Disbursements:			
Budget Approp. Expenditures	A-3	6,485,310.43	
Appropriation Reserves	A-11	485,521.06	
Tax Overpayments	A-12	11,789.13	
Local District School Taxes	A-13	2,328,015.00	
County Taxes Payable	A-13	1,125,264.10	
Various Accounts Payable & Reserves	A-14	303,592.77	
Interfunds	A-10, A-16	468,834.76	
Appropriated Grant Reserves	A-17		21,035.63
		<u>11,208,327.25</u>	<u>21,035.63</u>
Balance - December 31, 2009	A	<u>\$ 1,383,026.04</u>	<u>\$ 28,279.87</u>

CURRENT FUND  
SCHEDULE OF CHANGE PETTY CASH AND CHANGE FUNDS

		Balance June 30, 2009	Advanced	Returned	Balance December 31, 2009
Change Fund					
Tax Collector	\$	250.00	\$	\$	250.00
Municipal Court.....		150.00			150.00
Vital Statistics.....		25.00			25.00
Clerk.....		25.00			25.00
Police Records.....		25.00			25.00
Petty Cash Funds:					
	\$	475.00	\$ -	\$ -	475.00

<u>Ref.</u>	A	A-4	A-4	A
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SCHEDULE OF DUE FROM STATE OF NEW JERSEY -  
FOR ALLOWABLE DEDUCTIONS PER CHAPTER 20, P.L. 1976  
CURRENT FUND

	<u>REF.</u>		
Balance - June 30, 2009	A	\$	63,585.38
Increased by:			
Allowable Deductions per			
Tax Billings	A- 7	\$	45,625.00
TY 2009 Sr. Citizens and Vet.			
Ded. Allowed by Collector	A- 7	<u>1,625.00</u>	
			<u>47,250.00</u>
			110,835.38
Decreased by:			
Collected	A- 4	<u>96,133.57</u>	
			<u>96,133.57</u>
Balance - December 31, 2009	A	<u>\$</u>	<u>14,701.81</u>
Analysis of Sr. Citizens & Veterans			
<u>Deductions Allowed - TY 2009 Taxes</u>			
Per Tax Billings	A- 7	\$	45,625.00
Allowed (Disallowed) by Tax Collector (Net)	A- 7	<u>1,625.00</u>	
	A- 7	<u>\$</u>	<u>47,250.00</u>

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CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLES

	6/30/09	Accrued/ Adjustments	Cash Receipts	12/31/09
Revenue Accounts Receivable:				
Fines and Costs - Municipal Court	\$ 43,894.32	\$ 264,161.45	\$ 308,055.77	\$ -
	<u>43,894.32</u>	<u>264,161.45</u>	<u>308,055.77</u>	<u>-</u>
Miscellaneous Revenues Not Anticipated:				
Insurance Claims and Reimbursements		3,021.85	3,021.85	
Boe Sanitation/Barn Fire Reimbursement		23,076.00	23,076.00	
Health Hazard Fees		25,690.65	25,690.65	
Miscellaneous Construction Fees		5,570.00	5,570.00	
Miscellaneous & Refunds		13,891.20	13,891.20	
		<u>71,249.70</u>	<u>71,249.70</u>	
Total.....	\$ 43,894.32	\$ 335,411.15	\$ 379,305.47	\$ -
	<u>A</u>	<u>Reserve</u>	<u>Reserve</u>	<u>A</u>

Ref.

SCHEDULE OF DEFERRED CHARGES

		BALANCE JUNE 30, 2009	RAISED IN TY 2009 BUDGET	BALANCE DECEMBER 31, 2009
Special Emergency Authorization Revaluation	<u>Date Authorized</u>			
	9/15/05	\$ 116,000.00	\$	116,000.00
		<u>\$ 116,000.00</u>	<u>\$ -</u>	<u>116,000.00</u>
	<u>Ref.</u>	A	A-3	A

SCHEDULE OF INTERFUNDS  
CURRENT FUND

	<u>Ref.</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DECEMBER 31, 2009</u>
Due Water Sewer Utility Oper. Fund	A	(6,034.73)			(6,034.73)
Due Animal Control Fund	A	(3,711.49)			(3,711.49)
Due General Capital Fund	A	471,528.38		468,084.38	3,444.00
Due Federal & State Grant Fund	A	750.38		750.38	-
		<u>\$ 462,532.54</u>	<u>\$ -</u>	<u>\$ 468,834.76</u>	<u>\$ (6,302.22)</u>
<u>Ref.</u>					
Receivables	A	\$ (9,746.22)			(9,746.22)
Payables	A	<u>472,278.76</u>			<u>\$ 3,444.00</u>
		<u>\$ 462,532.54</u>			<u>\$ (6,302.22)</u>
Cash Disbursements	A-4			<u>468,834.76</u>	
			<u>\$ -</u>	<u>\$ 468,834.76</u>	

## SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE JUNE 30, 2009	RESERVE FOR ENCUMB.	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<b>Operations Within "CAPS"</b>					
<b>General Government</b>					
Borough Council					
Salaries and Wages	\$ 2,800.00	\$	2,800.00	\$	2,800.00
Other Expenses	1,235.50	356.50	1,592.00	1,510.00	82.00
Office of Borough Manager					
Salaries and Wages	7,501.20		7,501.20	2,294.53	5,206.67
Other Expenses	475.74	106.00	581.74	498.15	83.59
Office of the Borough Clerk					
Salaries and Wages	4,457.27		4,457.27	2,165.48	2,291.79
Other Expenses	1,014.98	416.96	1,431.94	1,400.30	31.64
Legal Services and Costs					
Other Expenses	10,503.93	5,201.84	15,705.77	15,705.77	
Elections					
Other Expenses	2,435.84	1,680.00	4,115.84	1,680.00	2,435.84
<b>Total General Government</b>	<b>30,424.46</b>	<b>7,761.30</b>	<b>38,185.76</b>	<b>25,254.23</b>	<b>12,931.53</b>
<b>Department of Finance</b>					
Office of Director of Finance					
Salaries and Wages	6,466.03		6,466.03	3,467.71	2,998.32
Other Expenses	1,416.62		1,416.62	102.00	1,314.62
Other Expenses Annual Audit		33,500.00	33,500.00	32,500.00	1,000.00
Division of Tax Collector					
Salaries and Wages	282.41		282.41	93.26	189.15
Other Expenses	4,097.11		4,097.11		4,097.11
Division of Assessment					
Salaries and Wages	521.83		521.83	520.00	1.83
Other Expenses	1,348.52		1,348.52		1,348.52
<b>Total Department of Finance</b>	<b>14,132.52</b>	<b>33,500.00</b>	<b>47,632.52</b>	<b>36,682.97</b>	<b>10,949.55</b>

## SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE JUNE 30, 2009	RESERVE FOR ENCUMB.	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<b>Department of Public Safety</b>					
Division of Police Bureau of Traffic and Patrol					
Police Salaries and Wages	\$ 71,740.01	\$	\$ 71,740.01	\$ 71,739.46	\$ 0.55
Dispatcher Salaries and Wages	509.56		509.56	508.00	1.56
Other Expenses: Police	3,657.22	15,946.57	19,603.79	17,745.06	1,858.73
Detective Bureau					
Other Expenses	874.87	2,236.57	3,111.44	2,217.07	894.37
Bureau of Street Crossing Guards					
Salaries and Wages	829.23		829.23	829.00	0.23
Other Expenses	684.10		684.10		684.10
SRO Interlocal					
Salaries and Wages	11,391.51	20.16	11,411.67	1,008.41	10,403.26
<b>Total Department of Public Safety</b>	<b>89,686.50</b>	<b>18,203.30</b>	<b>107,889.80</b>	<b>94,047.00</b>	<b>13,842.80</b>
<b>Division of Fire</b>					
Emergency Medical Services					
Other Expenses	210.39	7,921.74	8,132.13	7,794.38	337.75
Fire Department					
Other Expenses	68.23	26,175.25	26,243.48	26,089.10	154.38
<b>Total Division of Fire</b>	<b>278.62</b>	<b>34,096.99</b>	<b>34,375.61</b>	<b>33,883.48</b>	<b>492.13</b>
<b>Uniform Construction Code</b>					
Code Enforcement					
Salaries and Wages	175.29		175.29	175.29	
Other Expenses	2,566.84	954.99	3,521.83	3,384.83	137.00
Uniform Safety Act					
Salaries and Wages	641.21		641.21	526.52	114.69
Other Expenses	318.58	2,360.95	2,679.53	2,469.38	210.15
<b>Total Uniform Construction Code</b>	<b>3,701.92</b>	<b>3,315.94</b>	<b>7,017.86</b>	<b>6,556.02</b>	<b>461.84</b>

## SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE JUNE 30, 2009	RESERVE FOR ENCUMB.	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<b>Department of Engineering and Public Works</b>					
Division of Engineering					
Other Expenses	\$ 3,023.91	\$ 118.50	\$ 3,142.41	\$ 3,142.41	\$
Division of Streets and Roads					
Salaries and Wages	2,816.88		2,816.88	1,771.41	1,045.47
Other Expenses	608.95	11,471.71	12,080.66	9,145.52	2,935.14
Division of Snow Removal					
Other Expenses	856.06		856.06		856.06
Division of Parking Meter Maintenance					
Salaries and Wages	1,254.75		1,254.75	440.00	814.75
Other Expenses	207.75	717.00	924.75	717.00	207.75
Division of Building and Grounds					
Other Expenses	3,491.91	2,271.40	5,763.31	5,143.16	620.15
Municipal Garage					
Salaries and Wages	268.96		268.96	268.00	0.96
Other Expenses	3,690.37	4,329.98	8,020.35	4,527.75	3,492.60
Sanitation					
Contract	43,574.34	63,612.00	107,186.34	63,612.00	43,574.34
Landfill Solid Waste Disposal Fees	41,736.42	74,904.34	116,640.76	70,720.55	45,920.21
<b>Total Engineering and Public Works</b>	<b>101,530.30</b>	<b>157,424.93</b>	<b>258,955.23</b>	<b>159,487.80</b>	<b>99,467.43</b>
<b>Department of Health and Welfare</b>					
Division of Health					
Salaries and Wages	1,748.47		1,748.47	685.96	1,062.51
Other Expenses	40.66	3,053.75	3,094.41	3,093.75	0.66
Dog Regulation	740.00	1,741.92	2,481.92	2,481.92	
<b>Total Department of Health and Welfare</b>	<b>2,529.13</b>	<b>4,795.67</b>	<b>7,324.80</b>	<b>6,261.63</b>	<b>1,063.17</b>
<b>Department of Recreation Parks and Playgrounds</b>					
Division of Recreation Parks and Playgrounds					
Salaries and Wages		204.97	204.97	204.97	
Other Expenses	213.72	15,151.21	15,364.93	15,151.33	213.60
Celebration of Public Events	60.23	392.90	453.13	392.90	60.23
Historical Society					
Other Expenses	2,548.00	200.00	2,748.00	200.00	2,548.00
<b>Total Department of Recreation Parks and Playgrounds</b>	<b>2,821.95</b>	<b>15,949.08</b>	<b>18,771.03</b>	<b>15,949.20</b>	<b>2,821.83</b>
<b>Municipal Prosecutor</b>					
Salaries and Wages	1,499.90		1,499.90	576.93	922.97
<b>Total Municipal Prosecutor</b>	<b>1,499.90</b>		<b>1,499.90</b>	<b>576.93</b>	<b>922.97</b>

## SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE JUNE 30, 2009	RESERVE FOR ENCUMB.	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<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	\$ 815.04	\$	815.04	\$ 814.73	\$ 0.31
Other Expenses	322.57	1,065.75	1,388.32	1,388.07	0.25
Emergency Management Services					
Salaries and Wages	1,999.94		1,999.94	192.31	1,807.63
Other Expenses					
<b>Total Other Municipal Operations</b>	<u>3,137.55</u>	<u>1,065.75</u>	<u>4,203.30</u>	<u>2,395.11</u>	<u>1,808.19</u>
<b>Insurances: N.J.S.A. 40A:4-45.3(00)</b>					
Group Insurance Plan or Employees	1,717.84	1,578.71	3,296.55	2,874.14	422.41
Other Insurance - Liability Insurance	26,365.05		26,365.05	26,365.05	
<b>Total Insurances</b>	<u>28,082.89</u>	<u>1,578.71</u>	<u>29,661.60</u>	<u>29,239.19</u>	<u>422.41</u>
<b>Senior Citizens</b>					
Transportation of Senior Citizens					
Other Expenses	755.00	875.00	1,630.00	939.00	691.00
<b>Total Senior Citizens</b>	<u>755.00</u>	<u>875.00</u>	<u>1,630.00</u>	<u>939.00</u>	<u>691.00</u>
<b>Municipal Court</b>					
Salaries and Wages	2,779.36		2,779.36	1,521.93	1,257.43
Other Expenses	931.69	1,697.50	2,629.19	2,231.86	397.33
<b>Total Municipal Court</b>	<u>3,711.05</u>	<u>1,697.50</u>	<u>5,408.55</u>	<u>3,753.79</u>	<u>1,654.76</u>
<b>P.E.O.S.H.A.</b>					
Board of Health					
Other Expenses	796.00	204.00	1,000.00	68.00	932.00
<b>Total P.E.O.S.H.A.</b>	<u>796.00</u>	<u>204.00</u>	<u>1,000.00</u>	<u>68.00</u>	<u>932.00</u>

## SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE JUNE 30, 2009	RESERVE FOR ENCUMB.	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<b>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</b>					
State Uniform Construction Code Officials					
Salaries and Wages	\$ 1,188.25	\$ 232.00	\$ 1,188.25	\$ 1,188.00	\$ 0.25
Other Expenses	1,914.45		2,146.45	908.00	1,238.45
<b>Total State Uniform Construction Code Officials</b>	<b>3,102.70</b>	<b>232.00</b>	<b>3,334.70</b>	<b>2,096.00</b>	<b>1,238.70</b>
<b>UNCLASSIFIED:</b>					
Alliance Grant-Salaries and Wages	2,792.96		2,792.96		2,792.96
Alliance Grant-Other Expenses	3,085.81	657.00	3,742.81		3,742.81
Utilities					
Electric	2,065.27	1,747.50	3,812.77	3,812.77	
Street Lighting	0.10		0.10		0.10
Telephone	1,558.59		1,558.59	281.32	1,277.27
Natural Gas	4,074.23		4,074.23	408.97	3,665.26
Telecommunications Costs	582.84	74.95	657.79	450.61	207.18
Gasoline & Fuel Oil	9,423.82	9,500.00	18,923.82	11,734.44	7,189.38
<b>Total Unclassified</b>	<b>23,583.62</b>	<b>11,979.45</b>	<b>35,563.07</b>	<b>16,688.11</b>	<b>18,874.96</b>
<b>Total Operations within "CAPS"</b>	<b>309,774.11</b>	<b>292,679.62</b>	<b>602,453.73</b>	<b>433,878.46</b>	<b>168,575.27</b>
<b>Deferred Charges and Statutory Expenditures- Municipal within "CAPS"</b>					
<b>STATUTORY EXPENDITURES;</b>					
Social Security System (O.A.S.I.)	15,327.84		15,327.84	4,356.35	10,971.49
Public Employee's Retirement System	0.50		0.50		0.50
<b>Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"</b>	<b>15,328.34</b>		<b>15,328.34</b>	<b>4,356.35</b>	<b>10,971.99</b>
<b>Total General Appropriations for Municipal Purposes within "CAPS"</b>	<b>325,102.45</b>	<b>292,679.62</b>	<b>617,782.07</b>	<b>438,234.81</b>	<b>179,547.26</b>



## SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE JUNE 30, 2009	RESERVE FOR ENCUMB.	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<b>Operations - Excluded from "CAPS"</b>					
Police					
Other Expenses	\$	\$ 12,000.00	\$ 12,000.00	\$ 10,711.02	\$ 1,288.98
Municipal Library					
Salaries and Wages	2,404.55		2,404.55	1,601.78	802.77
Other Expenses	744.69	1,139.47	1,884.16	1,325.45	558.71
<b>Total Other Operations - Excluded from "CAPS"</b>	<u>3,149.24</u>	<u>13,139.47</u>	<u>16,288.71</u>	<u>13,638.25</u>	<u>2,650.46</u>
<b>Public and Private Programs Offset by Revenues</b>					
Matching Funds for Grants	2,500.00		2,500.00		2,500.00
<b>Total Operations - Excluded from "CAPS"</b>	<u>2,500.00</u>		<u>2,500.00</u>		<u>2,500.00</u>
<b>Deferred Charges - Municipal - Excluded from "CAPS"</b>					
Deferred Charges:					
Judgements		33,648.46	33,648.46	33,648.00	0.46
<b>Total Deferred Charges - Municipal - Excluded from "CAPS"</b>		<u>33,648.46</u>	<u>33,648.46</u>	<u>33,648.00</u>	<u>0.46</u>
<b>Total General Appropriations for Municipal Purposes Excluded from "CAPS"</b>	<u>5,649.24</u>	<u>46,787.93</u>	<u>52,437.17</u>	<u>47,286.25</u>	<u>5,150.92</u>
<b>Total Appropriation Reserves</b>	<u>\$ 330,751.69</u>	<u>\$ 339,467.55</u>	<u>\$ 670,219.24</u>	<u>\$ 485,521.06</u>	<u>\$ 184,698.18</u>
<u>Ref.</u>	A	A		A-4	A-1

CURRENT FUND  
SCHEDULE OF PROPERTY TAX OVERPAYMENTS

	<u>Ref.</u>		
Balance - 6/30/09.....	A	\$	149.36
Increased By:			
Transfer from Taxes Receivable	A-4	<u>20,387.75</u>	20,387.75
Decreased By:			
Cash Payments - Refunds	A-4	<u>11,789.13</u>	<u>11,789.13</u>
Balance - 12/31/09.....	A	\$	<u><u>8,747.98</u></u>

CURRENT FUND  
SCHEDULE OF TAXES PAYABLE

	6/30/09	Taxes Levied	Cash Disbursements	12/31/09
County - General.....	\$ -	\$ 1,002,170.62	\$ (1,002,170.62)	\$ -
County - Library.....		58,221.88	(58,221.88)	
County - Added & Omitted.....		1,480.34	-	1,480.34
County - Open Space.....		64,871.60	(64,871.60)	
Local School District Taxes.....	5.04	2,328,015.00	(2,328,015.00)	5.04
Total.....	\$ 5.04	\$ 3,454,759.44	\$ (3,453,279.10)	\$ 1,485.38
<u>Ref.</u>	A	A-1, A-7	A-4	A

CURRENT FUND  
SCHEDULE OF VARIOUS ACCOUNTS PAYABLES & RESERVES

	6/30/09	Transfer from/(to) Budget	Cash Receipts	Cash Disbursements	Adjustments	12/31/09
Accounts Payable:						
Vendor Accounts Payable.....	\$ 13,557.45	\$ 2,549.25		\$ (10,266.60)	\$ (3,290.85)	\$ 2,549.25
Marriage License Filing Fees.....	2,115.00		775.00			2,890.00
State Training Fees.....	1,557.00					1,557.00
Outside Liens Payable.....	7,994.54		244,402.56	(220,296.66)		32,100.44
Payroll Deductions Payable.....	73,029.51		67,330.09	(73,029.51)		67,330.09
Subtotal	98,253.50	2,549.25	312,507.65	(303,592.77)	(3,290.85)	106,426.78
Reserve for:						
Revaluation.....	32,214.75					32,214.75
Insurance Claims.....	1,384.47					1,384.47
Subtotal	33,599.22					33,599.22
Total.....	\$ 131,852.72	\$ 2,549.25	\$ 312,507.65	\$ (303,592.77)	\$ (3,290.85)	\$ 140,026.00
Ref.	A	A-3	A-4	A-4	A-1	A

SCHEDULE OF STATE AND FEDERAL GRANTS  
RECEIVABLE - GRANT FUND

<u>PROGRAM</u>	TY 2009		CASH RECEIPTS	BALANCE DEC. 31, 2009
	BALANCE JUNE 30, 2009	BUDGET REVENUE		
<b>State Programs</b>				
Alcohol Education Grant	\$ 4,199.00	\$	\$	4,199.00
ADA Compliance	14,751.75			14,751.75
Safe & Secure Grant	4,512.33		2,325.07	2,187.26
Drunk Driving Enforcement Funds	2,552.00			2,552.00
Municipal Stormwater Grant	25,000.00			25,000.00
Smart Growth				
<b>Total State Programs</b>	<u>51,015.08</u>		<u>2,325.07</u>	<u>48,690.01</u>
<b>County Programs</b>				
Monmouth County - Alliance Grant	26,541.00		7,417.00	19,124.00
All Years				
<b>Total County Programs</b>	<u>26,541.00</u>		<u>7,417.00</u>	<u>19,124.00</u>
<b>Total Grants</b>	<u>\$ 77,556.08</u>	<u>\$</u>	<u>9,742.07</u>	<u>\$ 67,814.01</u>
<u>Ref.</u>	A	A-2	A-4	A

SCHEDULE OF DUE FROM CURRENT FUND  
GRANT FUND

	<u>Ref.</u>	
Balance - June 30, 2009	A	\$ 750.38
Decreased by:		
Interfund Loan Returned	A-4	<u>750.38</u>
Balance - December 31, 2009		\$ <u><u>-</u></u>

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

<u>GRANT/AID PROGRAM</u>		<u>BALANCE</u> <u>JUNE 30, 2009</u>	<u>ENC.</u> <u>JUNE 30, 2009</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>ENC.</u> <u>DEC. 31, 2009</u>	<u>BALANCE</u> <u>DEC. 31, 2009</u>
<b>Federal Grants</b>						
Over the Limit Under Arrest	2007-2008	\$	\$	\$	\$	
Local Law Enforcement Block Grant	2002	287.72				287.72
<b>Total Federal Grants</b>		<u>287.72</u>				<u>287.72</u>
<b>State Grants</b>						
Safe & Secure Grant		14,751.75				14,751.75
Smart Growth Grant		117.00				117.00
Recycling Tonnage Grant		834.65				834.65
Recycling Tonnage Grant	2008-2009	7,881.75				7,881.75
Drunk Driving Enforcement Fund	2008-2009	4,372.41				2,557.96
Clean Communities	2007-2008	3,095.46		1,814.45		3,095.46
Clean Communities	2008-2009	2,194.25				666.14
Body Armor	2007-2008	172.37	305.76	813.87	1,020.00	172.37
Body Armor	2006-2007	1,810.88				1,810.88
Body Armor	2008-2009	9,879.92			932.75	8,947.17
ADA Compliance	2003-2004	4,199.00				4,199.00
Recreational Trails program	2007-2008	1,709.25				1,709.25
Municipal Road Mileage	2008-2009	11,568.40				11,568.40
Special Legislative Grant						
Marina Facility	1998-1999	4,969.90				4,969.90
Police Department	1998-1999	88.85				88.85
H.S.D.R. Bayshore Oil		2,578.19				2,578.19
Fire Department Equipment	1999-2000	180.00				180.00
Water Vessel		114.54				114.54
Borough Hall		366.22				366.22
Emergency Generator	2000-2001	12,162.75				12,162.75
Public Works Equipment	2000-2001	303.00				303.00
Alcoholic Education	2001-2002	1,466.16				1,466.16
Alcoholic Education & Enforcement	2009	1,200.00				1,200.00
<b>Total State Grants</b>		<u>86,016.70</u>	<u>305.76</u>	<u>2,628.32</u>	<u>1,952.75</u>	<u>81,741.39</u>
<b>County Grants (Pass Through)</b>						
Monmouth County- Municipal Alliance Grant 2008			510.00	510.00		
Monmouth County- Municipal Alliance Grant 2009		29,986.84		17,897.31	1,796.57	10,292.96
<b>Total County Grants</b>		<u>29,986.84</u>	<u>510.00</u>	<u>18,407.31</u>	<u>1,796.57</u>	<u>10,292.96</u>
<b>Grand Total</b>		<u>\$ 116,291.26</u>	<u>\$ 815.76</u>	<u>\$ 21,035.63</u>	<u>\$ 3,749.32</u>	<u>\$ 92,322.07</u>
	<u>Ref.</u>	<u>A</u>	<u>A</u>	<u>A-4</u>	<u>A</u>	<u>A</u>

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS  
UNAPPROPRIATED GRANT FUND

<u>GRANTS</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>	<u>RECEIPTS</u>	<u>TRANSFER</u> <u>TO</u> <u>APPROPRIATED</u>	<u>BALANCE</u> <u>DEC. 31, 2009</u>	
	\$	\$	\$	\$	
	16.33	6.16		22.49	
	<u>16.33</u>	<u>6.16</u>		<u>22.49</u>	
	\$	\$	\$	\$	
	<u>16.33</u>	<u>6.16</u>		<u>22.49</u>	
<u>Ref.</u>	A	A-4	A-15		A

Local Law Enforcement Block Grants:  
2002 LBBX - Interest



TRUST FUND

STATEMENT OF CASH  
ANIMAL CONTROL AND OTHER TRUST FUNDS

	REF.	ANIMAL CONTROL FUND	OTHER TRUST FUND
Balance - June 30, 2009		\$ 7,975.69	\$ 468,648.92
Increased by Receipts:			
Animal Control Fees	B-3	\$ 231.40	
State Fees	B-2	316.20	
Miscellaneous	B-3	960.76	
Receipts of Various Trust Fund			
Deposits & Reserves	B-4		\$ 147,288.21
Interest	B-3	11.77	
		<u>1,520.13</u>	<u>147,288.21</u>
Decreased by Disbursements:			
Due to the State of New Jersey	B-2	173.40	615,937.13
Disbursements of Various Trust Fund			
Deposits & Reserves	B-3, B-4	<u>5,930.98</u>	<u>151,433.75</u>
		<u>6,104.38</u>	<u>151,433.75</u>
Balance - December 31, 2009		\$ 3,391.44	\$ 464,503.38
Cash	B		
Change Fund	B	<u>50.00</u>	
		<u>\$ 3,441.44</u>	

ANIMAL CONTROL FUND  
SCHEDULE OF DUE TO STATE OF NEW JERSEY

	<u>Ref.</u>	
Balance - June 30, 2009	B	61.20
Increased by:		
State Fees Collected	B-1	<u>\$ 316.20</u>
		377.40
Decreased by:		
Payments to State of New Jersey	B-1	<u>173.40</u>
Balance - December 31, 2009	B	<u><u>\$ 204.00</u></u>

ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance - June 30, 2009	B	\$ 4,253.00
Increased by:		
Animal Control Fees	B-1	\$ 231.40
Miscellaneous	B-1	960.76
Interest	B-1	<u>11.77</u>
		<u>1,203.93</u>
Decreased by:		
Cash Disbursements	B-1	<u>5,930.98</u>
		<u>5,930.98</u>
Balance - December 31, 2009	B	<u><u>\$ (474.05)</u></u>

License Fees Collected:

<u>Year</u>	<u>Amount</u>
2007-2008	\$ 2,232.00
2008-2009	<u>2,759.80</u>
	<u><u>\$ 4,991.80</u></u>

Note: R.S. 4:19.11

" . . . . there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

OTHER TRUST FUNDS  
SCHEDULE OF TRUST FUND DEPOSITS AND RESERVES

	Balance June 30, 2009	Receipts	Cash.....	Disbursements	Balance December 31, 2009
Street Opening Deposits	16,440.00				16,440.00
Tax Sale Premium	120,800.00			34,800.00	86,000.00
Omni Lease Deposit	1,200.00				1,200.00
Property Sale Deposits	100.00				100.00
Recycling	10,479.86	16,851.52		2,445.88	24,885.50
Recreation Activities & Programs	4,750.97	3,201.16		1,524.76	6,427.37
Art Program	2,712.50	2,341.00		650.00	4,403.50
Town Parades	55.00			55.00	-
Tree Beautification	500.00				500.00
Library Fees	2,966.47				2,966.47
Public Defender Fees	47,253.93	1,202.00		2,500.02	45,955.91
Alliance	116.21	1,000.00			1,116.21
POAA	15,387.14	3,192.00			18,579.14
Off Duty Police	12,653.80	21,602.50		19,875.00	14,381.30
Forfeiture Funds	2,984.76	696.00			3,680.76
Law Enforcement Trust	6,839.56	11,930.70		16,000.00	2,770.26
Unemployment Compensation Insurance	44,688.07	2,861.41		17,118.58	30,430.90
Escrow Deposits	4,622.61	31,876.64			36,499.25
Performance Bonds/Engineering Fees	163,870.82	219.58		22,650.71	141,439.69
Workers Compensation	10,227.22	50,062.57		33,813.80	26,475.99
Reserve for Interest		251.13			251.13
Total	\$ 468,648.92	\$ 147,288.21	\$ 151,433.75	\$	464,252.25
	Ref	B	B-1	B-1	B

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL FUND CASH  
AND INVESTMENTS - TREASURER

	<u>REF.</u>		
Balance - June 30, 2009	C	\$	629,034.38
Increased by Receipts:			
State, Federal, Local Grants Receivables	C-4	160,000.00	
Interfunds	C-7	468,084.38	
Interest on RCA Funds	C-16	27.98	
		<hr/>	
			<u>628,112.36</u>
			1,257,146.74
Decreased by Disbursements:			
Improvement Authorizations	C-8	477,356.14	
		<hr/>	
			<u>477,356.14</u>
Balance - December 31, 2009	C	<u>\$</u>	<u>779,790.60</u>

GENERAL CAPITAL  
SCHEDULE OF ANALYSIS OF CASH

Ord.	Description	Ref	Deferred Charges	Ordinance Balance	Other	Cash Balance
1062/1253/1371	RCA Homdel Mt. Laurel Housing.....			49,715.08		\$ 49,715.08
1145	Removal of Underground Storage Tank.....		(25,000.00)	7,362.67		(\$17,637.33)
1184	Reconstruction of Twilight Avenue.....		(10,760.00)	9,192.56		(1,567.44)
1210/1272	Improvements - St. John's Park.....		(143,961.00)			(143,961.00)
1230	Reconstruction of Seeley Avenue.....			1,014.27		1,014.27
1320	Improvements to Carr Avenue.....		(337.00)	45,887.63		45,550.63
1322	Improvements to Center, Raritan & Seabreeze.....		(1,950.00)	134,671.99		132,721.99
1324	Demolition of Buildings.....			29,752.50		29,752.50
1325	Const. of Library & Recreation Fields.....			53,802.76		53,802.76
1346	Waterfront Bicycle & Pedestrian Corridor.....			25,340.75		25,340.75
1347/1382	Raritan Avenue Reconstruction.....			97,999.45		97,999.45
1348	Laurel Avenue Reconstruction.....			19,943.58		19,943.58
1351	Acquisition of Waterfront Park.....			230,171.24		230,171.24
1352/1426	St. John's Park.....		(105.00)	80,740.60		80,635.60
1370	Various Road Improvements.....			2,157.54		2,157.54
1372	Various Road Improvements.....			10,514.58		10,514.58
1394	Improvements to Police Station.....			854.50		854.50
1416/1442	Roadway Reconstr. Hancock/Freeze Ave. Sidewalk Constr.			1,355.48		1,355.48
1428	Var. Improv. & Equip. Boro Hall			4,563.81		4,563.81
1432	Reconstr. & Improv. Highland Blvd.			1.91		1.91
1433/1455	Reconstr. & Improv. Var. Sts.			89.14		89.14
1434	Var. Capital Improv.			28,257.88		28,257.88
1448	Acquis. Fire Truck/Energy Eff. Devices		(57,143.00)	85,667.41		28,524.41
1467	Improvements to Storm Water System			346,162.50		346,162.50
1477	Improvements Main Street Business		(422,747.00)	729,959.33		307,212.33
1481	Various Storm Facility Improvements			48,131.86		48,131.86
1484	Improvements Highland Blvd./Center Ave.		(250,000.00)	421,097.50		171,097.50
	Reserve for Encumbrances.....				60,461.50	60,461.50
	Capital Improvement Fund.....	C-14			46,256.67	46,256.67
	State, Federal, Local Grants Receivable.....	C-4			(961,393.30)	(961,393.30)
	Due from Monmouth County Improvement Authority.....	C-10			(33,038.90)	(33,038.90)
	Due Current Fund.....	C-7			(3,444.00)	(3,444.00)
	Reserve for Interest on RCA Funds.....	C-16			29,167.05	29,167.05
	Reserve for Premium on Bond/Note Sale	C-17			63,876.06	63,876.06
	Reserve for Capital Improvements - Sale of Assets.....	C-18			25,500.00	25,500.00
Total.....			\$ (912,003.00)	\$ 2,464,408.52	\$ (772,614.92)	\$ 779,790.60
		Ref	C,C-6	C,C-8		C,C-2

SCHEDULE OF STATE, FEDERAL, AND LOCAL GRANT RECEIVABLES

	Ordinance Number	Balance		Increases	Decreases	Balance December 31, 2009
		June 30, 2009				
Receivables:						
State of NJ DOT:						
Waterfront Bicycle & Pedestrian Corridor	1346	\$	62,500.00	\$	\$	62,500.00
Raritan Avenue Reconstruction	1347		53,359.87			53,359.87
Laurel Avenue Reconstruction	1348		55,140.78			55,140.78
Various Road Improvements	1372		29,451.55			29,451.55
Hancock Street & Frazee Avenue Reconstruction	1416					
Highland Boulevard Reconstruction	1432		160,000.00		160,000.00	
Main Street Business Improvements	1477		185,000.00			185,000.00
Improvement Highland Blvd./Center Ave.	1484			175,000.00		175,000.00
State of NJ DCA:						
Demolition of Buildings	1324		3,831.00			3,831.00
CDBG:						
Various Road Improvements	1370					
Various Road Reconstruction	1433					
Improvements Main Street Businesses	1477		125,075.10			125,075.10
Green Trust program						
Acquisition of Waterfront Park	1351		272,000.00			272,000.00
St. John's Park	1352/1426		35.00			35.00
		\$	979,432.20	\$	160,000.00	\$ 961,393.30
	Ref.	C	C-8	C-2	C	C



SCHEDULE OF DEFERRED CHARGES - FUNDED

	Total	Serial Bonds	N.J. Environmental Infrastructure Trust Loan	Green Acres Loan	Demolition Loan	M.C.I.A. Lease Purchase
Balance - June 30, 2009	\$ 11,208,593.43	\$ 7,122,000.00	\$ 2,133,016.57	\$ 598,176.86	\$ 26,000.00	\$ 1,329,400.00
Increased by:						
Capital Leases Issued	520,221.37		17,221.37			503,000.00
	11,728,814.80	7,122,000.00	2,150,237.94	598,176.86	26,000.00	1,832,400.00
Decreased by:						
Serial Bonds/Loans Paid From Budget Appropriation	867,241.08	430,000.00	148,365.91	25,675.17	-	263,200.00
Balance - December 31, 2009	<u>\$ 10,861,573.72</u>	<u>\$ 6,692,000.00</u>	<u>\$ 2,001,872.03</u>	<u>\$ 572,501.69</u>	<u>\$ 26,000.00</u>	<u>\$ 1,569,200.00</u>
Funded	Ref.	C, C-5	C-9	C-12	C-13	C-14
Funded - Leases	C	\$ 9,292,373.72				
	C	1,569,200.00				
		<u>\$10,861,573.72</u>				
	Ref.	C-5				

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Exhibit - C-6

ORD. NO.	IMPROVEMENT DESCRIPTION	ANALYSIS OF BALANCE - DEC. 31, 2009					UNEXPENDED BALANCE OF IMPROV. AUTHOR.	
		BALANCE JUNE 30, 2009	TY 2009 AUTHOR.	TY 2009 FUNDING	TY 2009 DECREASED	BALANCE DEC. 31, 2009	EXPENDED	
	<u>General Improvements:</u>							
1145	Removal of Underground Storage Tanks	\$ 25,000.00	\$	\$	\$	25,000.00	\$ 17,637.33	\$ 7,362.67
1184	Reconstruction of Twilight Avenue	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 Avenue	337.00				337.00		337.00
1322	Improvements to Center, Karlan and Seabreeze	1,950.00				1,950.00		1,950.00
1352/1426	St. John's Park	105.00				105.00		105.00
1448	Acquis. Fire Truck/Energy Eff. Devices	57,143.00				57,143.00		57,143.00
1467	Improvements to Storm Water System							
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
		<u>\$ 662,003.00</u>	<u>\$ 250,000.00</u>	<u>\$</u>	<u>\$</u>	<u>\$ 912,003.00</u>	<u>\$ 163,165.77</u>	<u>\$ 748,837.23</u>
Ref.		C	C-8			C		

SCHEDULE OF INTERFUNDS  
GENERAL CAPITAL FUND

<u>Ref.</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>	<u>NET</u> <u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31, 2009</u>
Due Current Fund	\$ (\$471,528.38) \$	\$	468,084.38 \$	(\$3,444.00)
Due Water & Sewer Capital Fund	\$6,000.00			\$6,000.00
	<u>\$ (\$465,528.38) \$</u>	<u>-</u>	<u>468,084.38 \$</u>	<u>\$2,556.00</u>
<u>Ref.</u>				
Receivables	\$ (\$471,528.38)		\$	(\$3,444.00)
Payables	<u>\$6,000.00</u>			<u>\$6,000.00</u>
	<u>\$ (\$465,528.38)</u>		\$	<u>\$2,556.00</u>
Cash Receipts				
C-2			\$ <u>468,084.38</u>	
			\$ <u>468,084.38</u>	

## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS - GENERAL CAPITAL FUND

ORD NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE - JUNE 30, 2009 FUNDED	UNFUNDED	TY 2009 AUTHOR.	RESERVE FOR ENCUMBRANCES JUNE 30, 2009	PAID OR CHARGED	RESERVE FOR ENCUMBRANCES DEC. 31, 2009	BALANCE - DEC 31, 2009 FUNDED	UNFUNDED
<b>General Improvements.</b>											
1371	RCA Homdel Mt. Laurel Housing	03/09/05	169,788 79	\$ 49,715 08	\$				\$	49,715 08	\$
1145	Removal Underground Storage Tanks	08/31/93	75,000 00		7,362 67						7,362 67
1184	Reconstruction of Twilight Avenue	06/20/95	560,000 00		9,192 56						9,192 56
1230	Reconstruction of Seelye Avenue	04/14/98	185,000 00		1,014 27					1,014 27	
1320	Improvements to Car Avenue	01/22/02	410,000 00		45,550 63					45,550 63	
1322	Improvements to Center, Raritan, & Seabreeze	02/12/02	750,000 00		153,191 99					153,191 99	
1324	Demolition of Buildings	06/06/02	68,250 00		29,677 50			22,845 00		29,677 50	
1325	Const. of Library and Recreation Fields	06/06/02	1,800,000 00		53,802 76			(21,719 34)		53,802 76	
1346	Waterfront Bicycle & Pedestrian Corridor	10/23/03	520,200 00		3,621 41					3,621 41	
1382	Raritan Avenue Reconstruction	08/24/05	175,000 00		97,999 45					97,999 45	
1348	Laurel Avenue Reconstruction	10/23/03	304,278 00		7,570 80			(12,372 78)		7,570 80	
1351	Acq of Property Waterfront Park	11/13/03	544,000 00		230,171 24					230,171 24	
1352/1426	St John's Park	11/13/03	204,106 00		80,635 60					80,635 60	
1370	Various Road Improvements	03/09/05	1,000,000 00		2,157 54					2,157 54	
1372	Various Road Improvements	04/05/05	248,000 00		10,514 58					10,514 58	
1394	Improvements to the Police Station	09/28/05	75,000 00		854 50					854 50	
1416/	Roadway Reconst. Hancock St										
1442	Freeze Ave Constr. Sidewalks		315,000 00								
1442	Monmouth Rd	06/27/07	75,000 00		1,355 48					1,355 48	
1423	Repair & Improv. Beacon Light Outfall	SFY 2008	255,000 00								
1428	Var. Improv. & Equip. Boro Hall	SFY 2008	22,000 00		4,563 81					4,563 81	
1432	Reconst. & Improv. Highland Blvd	SFY 2008	310,000 00		1 91		58,529 00			1 91	
1433/	Reconst. & Improv. Leroy Pl., Popular										
1455	St. Linton Pl. Harner Pl. & Vogel St										
	Intersection Twilight Ave. Crescent St										
1434	Var. Capital Improv.	SFY 2008	600,000 00		89 14					89 14	
1448	Fire Truck/Solar Panels	SFY 2008	200,000 00		28,257 88					28,257 88	
1467	Improvements to Storm Water System	SFY 2008	625,000 00		28,524 41					28,524 41	
1477	Improvements Main Street Business	SFY 2009	585,000 00		444,162 50			1,699 80		444,162 50	
1481	Various Storm Facility Improvements	SFY 2009	795,000 00		320,882 65			132,905 00		320,882 65	
1484	Improvements Highland Blvd /Center Blvd	SFY 2009	390,000 00		383,454 00			14,772 82		383,454 00	
		TY 2009	425,000 00			425,000 00		335,322 14		48,131 86	
			425,000 00					3,902 50		171,097 50	
				\$ 1,977,769 13	\$ 498,837 23	\$ 425,000 00	\$ 100,619 80	\$ 477,356 14	\$ 60,461 50	\$ 1,715,371 29	\$ 748,837 23
				C	C	C-6	C	C-2	C	C	C
	Grants Receivable	Ref.									
	Deferred Charges - Unfunded	C-4			\$ 175,000 00						
		C-6			250,000 00						
					\$ 425,000 00						

SCHEDULE OF GENERAL SERIAL BONDS

ISSUE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2009			INTEREST RATE	BALANCE JUNE 30, 2009	INCREASE	DECREASE	BALANCE DEC 31, 2009
			DATE	AMOUNT						
General Obligation Refunding Bonds Series 2002	3/1/02	2,005,000.00	12/01/10	285,000.00	4.125%	\$ 555,000.00		\$ 270,000.00	\$ 285,000.00	
General Obligation Bonds	10/15/03	2,967,000.00	07/15/10	150,000.00	4.750%					
			07/15/11	150,000.00	4.750%					
			07/15/12	150,000.00	4.750%					
			07/15/13	150,000.00	4.750%					
			07/15/14	150,000.00	4.750%					
			07/15/15	150,000.00	4.750%					
			07/15/16	150,000.00	4.750%					
			07/15/17	150,000.00	4.750%					
			07/15/18	150,000.00	4.750%					
			07/15/19	150,000.00	4.750%					
			07/15/20	150,000.00	5.000%					
			07/15/21	150,000.00	5.000%					
			07/15/22	150,000.00	5.000%					
			07/15/23	150,000.00	5.000%					
			07/15/24	147,000.00	5.000%			2,397,000.00	150,000.00	2,247,000.00
General Obligation Bonds	12/4/08	4,170,000.00	12/01/10	10,000.00	4.000%					
			12/01/11	10,000.00	4.000%					
			12/01/12	228,000.00	5.000%					
			12/01/13	247,000.00	5.000%					
			12/01/14	267,000.00	5.000%					
			12/01/15	287,000.00	5.000%					
			12/01/16	308,000.00	4.000%					
			12/01/17	328,000.00	4.000%					
			12/01/18	348,000.00	5.250%					
			12/01/19	374,000.00	4.500%					
			12/01/20	397,000.00	4.500%					
			12/01/21	423,000.00	5.000%					
			12/01/22	451,000.00	5.250%					
			12/01/23	482,000.00	5.000%			4,170,000.00	10,000.00	4,160,000.00
						\$ 7,122,000.00	\$ -	\$ 420,000.00	\$ 6,692,000.00	
			Ref.			C		C-5		C

SCHEDULE OF DUE FROM MONMOUTH COUNTY IMPROVEMENT AUTHORITY

	<u>Ref.</u>	
Balance - June 30, 2009	C	\$ <u>33,038.90</u>
Balance - December 31, 2009	C	\$ <u><u>33,038.90</u></u>

SCHEDULE OF GENERAL CAPITAL LOAN PAYABLE  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

Exhibit C-11

PROJECT DESCRIPTION	DRAWDOWN DATE	AMOUNT OF LOAN	CALENDAR YEAR	TOTAL		BALANCE JUNE 30, 2009	INCREASED	DECREASED	BALANCE DEC. 31, 2009
				PRINCIPAL AMOUNT	INTEREST AMOUNT				
Drainage Improvements	10/15/01	\$ 2,910,000.00	2010	143,867.64	51,306.26	\$ 1,935,356.90	15,621.09	136,812.49	\$ 1,814,165.50
			2011	149,781.04	47,806.26				
			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				
				1,814,165.50	337,031.32				
Drainage Improvements	10/15/01	\$ 276,422.00	2010	11,472.91	5,050.00	197,659.67	1,600.28	11,553.42	187,706.53
			2011	11,295.79	4,775.00				
			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				
	187,706.53	36,175.00							
REF.									
				\$ 2,133,016.57	\$ 17,221.37	\$ 148,365.91	\$ 2,001,872.03		
				C	C-5	C-5	C		

SCHEDULE OF GENERAL CAPITAL LOAN PAYABLE  
GREEN ACRES LOANS

	<u>Ref.</u>	
Balance June 30, 2009	C	\$ 598,176.86
Increased by:		
Loan Drawdowns/Advances	C	<u>-</u>
		598,176.86
Decreased by:		
Loan Payment	C-5	<u>25,675.17</u>
Balance - December 31, 2009	C, C-12	<u><u>\$ 572,501.69</u></u>

Analysis of Balance - December 31, 2009

<u>Loan Number</u>	<u>Principal Balance Dec. 31, 2009</u>
1321-92-039	\$ 112,542.80
1321-95-049A	336,518.53
1321-95-049	27,218.56
1323-03-012	<u>96,221.80</u>
	C-12 <u><u>\$ 572,501.69</u></u>

Analysis of Repayment of Loan and Interest

<u>Loan Number</u>	<u>CY</u>	<u>Annual P &amp; I Payments</u>
1321-92-039	2010 - 2016	16,234.02
	2017	8,117.02
1321-95-049A	2010 - 2018	30,070.99
	2019	19,535.49
1321-95-049	2010 - 2026	1,896.59
1323-03-012	2010 - 2028	6,112.30

SCHEDULE OF GENERAL CAPITAL LOAN PAYABLE  
DEMOLITION LOAN

	<u>Ref.</u>	
Balance - June 30, 2009	C	\$ 26,000.00
Decreased by:		
Loan Payment		<u>-</u>
Balance - December 31, 2009	C	<u><u>\$ 26,000.00</u></u>



GENERAL CAPITAL  
SCHEDULE OF MCIA EQUIPMENT LEASE PURCHASE OBLIGATIONS PAYABLE

Purpose	Original Issue	.....Outstanding Maturities 12/31/2009.....					June 30, 2009	Increases	Decreases	December 31, 2009
		Date	Principal	Interest	Rate					
2001 Series.... \$ 497,100.00		04/01/10		2,425.73						
		10/01/10	58,000.00	2,425.73	4.050%					
		04/01/11		1,251.23						
		10/01/11	60,300.00	1,251.23	4.150%		174,100.00		(55,800.00)	118,300.00
2003 Series.... \$ 1,074,600.00		03/01/10		10,301.18						
		09/01/10	114,900.00	10,301.18	4.750%					
		03/01/11		7,572.30						
		09/01/11	120,300.00	7,572.30	3.450%					
		03/01/12		5,497.13						
		09/01/12	124,500.00	5,497.13	3.650%					
		03/01/13		3,225.00						
		09/01/13	129,000.00	3,225.00	5.000%		598,600.00		(109,900.00)	488,700.00

GENERAL CAPITAL  
SCHEDULE OF MCIA EQUIPMENT LEASE PURCHASE OBLIGATIONS PAYABLE

Purpose	Original Issue	.....Outstanding Maturities 12/31/2009.....				June 30, 2009	Increases	Decreases	December 31, 2009
		Date	Principal	Interest	Rate				
2005 Series.... \$	828,100.00	03/01/10		10,649.00					
		09/01/10	100,900.00	10,649.00	3.240%				
		03/01/11		8,631.00					
		09/01/11	65,300.00	8,631.00	3.400%				
		03/01/12		7,325.00					
		09/01/12	68,000.00	7,325.00	3.520%				
		03/01/13		5,625.00					
		09/01/13	71,400.00	5,625.00	3.620%				
		03/01/14		3,840.00					
		09/01/14	74,900.00	3,840.00	3.700%				
		03/01/15		1,967.50					
		09/01/15	78,700.00	1,967.50	3.780%	556,700.00		(97,500.00)	459,200.00

GENERAL CAPITAL  
SCHEDULE OF MCIA EQUIPMENT LEASE PURCHASE OBLIGATIONS PAYABLE

Purpose	Original Issue	Date	Outstanding Maturities 12/31/2009	Interest	Rate	June 30, 2009	Increases	Decreases	December 31, 2009
			Principal						
2009 Series....	\$ 503,000.00	04/01/10		6,350.88					
		10/01/10	71,000.00	8,107.50	2.000%				
		04/01/11		7,397.50					
		10/01/11	82,000.00	7,397.50	2.000%				
		04/01/12		6,577.50					
		10/01/12	83,000.00	6,577.50	2.000%				
		04/01/13		5,747.50					
		10/01/13	59,000.00	5,747.50	5.000%				
		04/01/14		4,272.50					
		10/01/14	63,000.00	4,272.50	4.000%				
		04/01/15		3,012.50					
		10/01/15	27,000.00	3,012.50	4.000%				
		04/01/16		2,472.50					
		10/01/16	28,000.00	2,472.50	4.000%				
		04/01/17		1,912.50					
		10/01/17	29,000.00	1,912.50	4.250%				
		04/01/18		1,296.25					
		10/01/18	30,000.00	1,296.25	4.250%				
		04/01/19		658.75					
		10/01/19	31,000.00	658.75	4.250%		503,000.00		503,000.00
Total.....			\$ 1,569,200.00	\$ 217,773.52			\$ 503,000.00	\$ (263,200.00)	\$ 1,569,200.00
						C	C-5	C-5	C

Exhibit - C-15

SCHEDULE OF RESERVE FOR  
CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance - June 30, 2008	C	\$ 46,256.67
Balance - June 30, 2009	C	<u>\$ 46,256.67</u>

Exhibit - C-16

SCHEDULE OF RESERVE FOR  
INTEREST ON RCA FUNDS

	<u>REF.</u>	
Balance - June 30, 2009	C	\$ 29,139.07
Increased by:		
Interest Earned	C-2	<u>27.98</u>
Balance - December 31, 2009	C	<u>\$ 29,167.05</u>

Exhibit - C-17

SCHEDULE OF RESERVE FOR  
PREMIUM ON BOND/NOTE SALE

	<u>REF.</u>	
Balance - June 30, 2009	C	\$ 57,876.06
Balance - December 31, 2009	C	<u>\$ 57,876.06</u>

Exhibit - C-18

SCHEDULE OF RESERVE FOR  
CAPITAL IMPROVEMENTS - SALE OF ASSETS

	<u>REF.</u>	
Balance - June 30, 2009	C	\$ 25,500.00
Balance - December 31, 2009	C	<u>\$ 25,500.00</u>

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORD.</u> <u>NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>	<u>TY 2009</u> <u>AUTHOR.</u>	<u>BALANCE</u> <u>DEC 31, 2009</u>
1145	Removal of Underground Tanks	\$ 25,000.00		\$ 25,000.00
1184	Reconstruction of Twilight Avenue	10,760.00		10,760.00
1210	Improvements to St. John's Park	143,961.00		143,961.00
1320	Improvements to Carr Avenue	337.00		337.00
1322	Improvements to Center, Raritan & Seabreeze	1,950.00		1,950.00
1346	Waterfront Bicycle & Pedestrian Corridor			
1347/1382	Raritan Avenue Reconstruction			
1348	Laurel Avenue Reconstruction			
1351	Acquisition of Waterfront Park			
1352/1426	St. John's Park	105.00		105.00
1370	Various Road Improvements			
1372	Various Road Improvements			
1394	Improvements to Police Station			
1416/1442	Road Reconstr.			
1423	Repair & Improv. Beacon Light Outfall			
1432	Reconstr. Improv. Highland Blvd.			
1433/1455	Reconstr. & Improv. Var. Roads			
1434	Var. Capital Improv.			
1448	Acquis. Fire Truck/Energy Eff. Devices	57,143.00		57,143.00
1467	Improvements to Storm Water System			
1477	Improvements Main Street Business	422,747.00		422,747.00
1484	Improvements Highland Blvd./Center Avenue		250,000.00	250,000.00
		<u>\$ 662,003.00</u>	<u>\$ -</u>	<u>\$ 912,003.00</u>

Ref.

Footnote C

WATER AND SEWER UTILITY FUND

SCHEDULE OF WATER AND SEWER UTILITY CASH AND INVESTMENTS - TREASURER

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - June 30, 2009	D	\$ 241,367.87	\$ 331,626.55
Increased by Receipts:			
Consumer Accounts Receivable	D-3,D-8	2,282,555.44	
Interest Earned on Investments and Deposits	D-3	366.78	
MRNA	D-1	2,322.00	
Overpayments Collected (Net)	D-15	914.68	
Interest on Delinquencies	D-3	32,855.71	
Interfund	D-10,D-11	240,000.00	
		<u>2,559,014.61</u>	<u>-</u>
Decreased by Disbursements:			
Budget Expenditures	D-4	1,661,107.96	
Appropriation Reserves	D-14	186,485.68	
Accrued Interest on Bonds, Notes and Loans	D-16	234,764.02	
Improvement Authorizations	D-18		10,457.64
Interfunds	D-10,D-11		240,000.00
		<u>2,082,357.66</u>	<u>250,457.64</u>
Balance -December 31, 2009	D	<u>\$ 718,024.82</u>	<u>\$ 81,168.91</u>

WATER AND SEWER CAPITAL UTILITY FUND  
ANALYSIS OF CASH BALANCE

	Deferred Charges	Improvement Authorizations	Other	Balance December 31, 2009
Fund Balance.....			\$ 6,423.71	\$ 6,423.71
Capital Improvement Fund.....			77,000.00	77,000.00
Accounts Payable.....			3,660.00	3,660.00
Due Water & Sewer Operating Fund.....			150,000.00	150,000.00
Due Water & Sewer Capital Fund.....			(6,000.00)	(6,000.00)
<u>Improvement Authorizations</u>				
1295-3 Various Improvements Water & Sewer		\$6,560.44		6,560.44
1441/1466 Design Desalination Sys Water Plant	(3,125,000.00)	2,968,524.76		(156,475.24)
Total.....	\$ (3,125,000.00)	\$ 2,975,085.20	\$ 231,083.71	\$ 81,168.91

Ref.

D, D-5

WATER AND SEWER OPERATING FUND  
SCHEDULE OF CHANGE FUNDS

	Balance June 30, 2009	Increase (Decrease)	Adjustment	Balance December 30, 2009
Change Fund				
Collector	250.00			\$ 250.00
	250.00			\$ 250.00

Ref.

D

D



SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>		
Balance - June 30, 2009	D		\$ 182,098.55
Increased by:			
Water and Sewer Utility Billings (Net)	Reserve	<u>2,280,178.34</u>	<u>2,280,178.34</u>
			2,462,276.89
Decreased by:			
Collected	D-3, D-5	2,282,555.44	
Less: Overpayments Collected	D-3, D-15	<u>914.68</u>	
			<u>2,283,470.12</u>
Balance - December 31, 2009	D		<u>\$ 178,806.77</u>

SCHEDULE OF DEPOSIT WITH BAYSHORE REGIONAL SEWERAGE AUTHORITY  
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>		
Balance - June 30, 2009	D		\$ 744,881.34
Increased by:			
Interest Earned	Reserve	<u>1,748.93</u>	
Balance - December 31, 2009	D		<u>\$ 746,630.27</u>

SCHEDULE OF INTERFUNDS  
WATER AND SEWER OPERATING UTILITY FUND

	<u>Ref.</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31, 2009</u>
Due Water and Sewer Capital Fund	D	\$ (390,000.00)		\$ 240,000.00	\$ (150,000.00)
Due Current Fund	D	<u>6,034.73</u>			<u>6,034.73</u>
		<u>\$ (383,965.27)</u>	<u>\$ -</u>	<u>\$ 240,000.00</u>	<u>\$ (143,965.27)</u>
<u>Ref.</u>					
Receivables	D	(390,000.00)			(150,000.00)
Payables	D	<u>6,034.73</u>			<u>6,034.73</u>
		<u>\$ (383,965.27)</u>			<u>\$ (143,965.27)</u>
Cash Receipts	D-5			\$ 240,000.00	
				<u>\$240,000.00</u>	

Exhibit - D-11

SCHEDULE OF INTERFUNDS  
WATER AND SEWER CAPITAL UTILITY FUND

	<u>Ref.</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31, 2009</u>
Due General Capital Fund	D	(6,000.00)			(6,000.00)
Due Water and Sewer Operating Fund	D	<u>390,000.00</u>		(240,000.00)	<u>150,000.00</u>
		<u>\$ 384,000.00</u>	<u>\$ -</u>	<u>(\$240,000.00)</u>	<u>\$144,000.00</u>
<u>Ref.</u>					
Receivables		\$ (6,000.00)			\$ (6,000.00)
Payables		<u>390,000.00</u>			<u>150,000.00</u>
		<u>\$ 384,000.00</u>			<u>\$ 144,000.00</u>
Cash Disbursements	D-5			240,000.00	
				<u>240,000.00</u>	

SCHEDULE OF FIXED CAPITAL  
WATER AND SEWER UTILITY CAPITAL FUND

<u>ACCOUNT</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>	<u>TRANSFERRED</u> <u>FROM FIXED</u> <u>CAPITAL</u> <u>UNCOMPLETED</u>	<u>BALANCE</u> <u>DEC. 31, 2009</u>
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	9,800,025.00		9,800,025.00
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>\$ 24,320,950.83</u>	<u>\$</u>	<u>\$ 24,320,950.83</u>
<u>Ref.</u>	D		D

The Fixed Capital, as reported, is taken from the Borough records and does not necessarily reflect the true condition of such Fixed Capital.

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

<u>ORD. #</u>	<u>ACCOUNT</u>	<u>BALANCE</u> <u>JUNE 30, 2009</u>	<u>TY 2009</u> <u>AUTHORIZED</u>	<u>BALANCE</u> <u>DEC. 31, 2009</u>
	Acquired from KMUA Improvements	\$ 3,660.00	\$	\$ 3,660.00
1441/1466				
1493	Design Desalination Sys Water Plant	<u>2,500,000.00</u>	<u>625,000.00</u>	<u>3,125,000.00</u>
		<u>\$ 2,503,660.00</u>	<u>\$ 625,000.00</u>	<u>\$ 3,128,660.00</u>
<u>Ref.</u>		D	D- 18	D

SCHEDULE OF SFY 2009 APPROPRIATION RESERVES  
WATER AND SEWER UTILITY OPERATING FUND

	BALANCE JUNE 30, 2009	RESERVE FOR ENCUMBRANCES JUNE 30, 2009	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Operating:					
Salaries and Wages	\$ 37,969.72	\$	\$ 37,969.72	\$ 11,392.05	\$ 26,577.67
Other Expenses	200,259.10	126,322.27	326,581.37	179,523.20	147,058.17
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	3,523.71		3,523.71	791.62	2,732.09
	<u>\$ 241,752.53</u>	<u>\$ 126,322.27</u>	<u>\$ 368,074.80</u>	<u>\$ 191,706.87</u>	<u>\$ 176,367.93</u>
Ref.	D	D			D-1
Cash Disbursements				\$ 186,485.68	
Accounts Payable				<u>5,221.19</u>	
				<u>\$ 191,706.87</u>	

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

	Ref.	
Balance - June 30, 2009	D	\$ 15,835.12
Increased by:		
Overpayments Collected (Net)	D-5	<u>914.68</u>
Balance - December 31, 2009	D	\$ <u><u>16,749.80</u></u>

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS  
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - June 30, 2009	D	\$ 48,242.33
Increased by:		
Accrued Interest Charged to: Budget Appropriations	D- 4	230,453.68
		278,696.01
Decreased by:		
Payment	D- 5	234,764.02
		234,764.02
Balance - December 31, 2009	D	\$ 43,931.99

Analysis of Balance - December 31, 2009:

<u>Principal Outstanding December 31, 2009</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Replacement of Horizontal Pressure Filter Media and Appurtances Work 400,000.00	Various	7/15	12/31	165 Days	\$ 9,983.65
Various Improvements to the Water System 555,000.00	Various	12/1	12/31	30 Days	2,205.00
Water & Sewer Refunding Bonds of 2002 8,400,000.00	Various	12/1	12/31	30 Days	30,840.00
Various Improvements - Bonds of 2008 230,000.00	Various	12/1	12/31	30 Days	903.34
Total					\$ 43,931.99

SCHEDULE OF SERIAL BONDS PAYABLE  
WATER AND SEWER UTILITY CAPITAL FUND

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS		INTEREST RATE	BALANCE JUNE 30, 2009	INCREASE	DECREASE	BALANCE DECEMBER 31, 2009
			OUTSTANDING -	DECEMBER 31, 2009					
			DATE	AMOUNT					
Various Improvements to the Water System	7/15/95	1,000,000	12/1/10	60,000	5.350%				
			7/15/11	60,000	5.400%				
			7/15/12	65,000	5.450%				
			7/15/13	70,000	5.450%				
			7/15/14	70,000	5.500%				
			7/15/15	75,000	5.500%	\$ 455,000.00	\$	\$ 55,000.00	\$ 400,000.00
Various Improvements to the Water System	12/1/98	1,000,000	12/1/10	50,000	4.450%				
			12/1/11	55,000	4.550%				
			12/1/12	55,000	4.650%				
			12/1/13	60,000	4.750%				
			12/1/14	60,000	4.750%				
			12/1/15	65,000	4.900%				
			12/1/16	65,000	4.900%				
			12/1/17	70,000	4.900%				
			12/1/18	75,000	4.900%	605,000.00		50,000.00	555,000.00
General Obligation Refunding Bonds Series 2002	8/8/02	12,635,000	12/1/10	695,000	3.600%				
			12/1/11	720,000	3.700%				
			12/1/12	745,000	3.800%				
			12/1/13	775,000	3.900%				
			12/1/14	805,000	4.000%				
			12/1/15	840,000	4.150%				
			12/1/16	880,000	5.250%				
			12/1/17	930,000	5.250%				
			12/1/18	980,000	5.250%				
			12/1/19	1,030,000	4.500%	9,065,000.00		665,000.00	8,400,000.00
General Obligation Bonds Series 2008	12/4/08	242,000	12/1/10	12,000	4.000%				
			12/1/11	13,000	4.000%				
			12/1/12	13,000	5.000%				
			12/1/13	14,000	5.000%				
			12/1/14	14,000	5.000%				
			12/1/15	15,000	5.000%				
			12/1/16	16,000	4.000%				
			12/1/17	16,000	4.000%				
			12/1/18	17,000	5.250%				
			12/1/19	18,000	4.500%				
			12/1/20	19,000	4.500%				
			12/1/21	20,000	5.000%				
			12/1/22	21,000	5.250%				
			12/1/23	22,000	5.000%	242,000.00		12,000.00	230,000.00
						10,125,000.00	\$	782,000.00	\$ 9,585,000.00
						Ref.		D-21	D

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
WATER AND SEWER UTILITY CAPITAL FUND

<u>ORD.</u> <u>NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE - JUNE 30, 2009</u>		<u>TY 2009</u> <u>AUTHORIZATIONS</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE - DECEMBER 31, 2009</u>	
		<u>FUNDED</u>	<u>UNFUNDED</u>			<u>FUNDED</u>	<u>UNFUNDED</u>
1295-3	Various Improvements - Water/Sewer	\$ 6,560.44	\$	\$		\$ 6,560.44	
1441/1466							
1493	Design Desalination Sys Water Plant		2,353,982.40	625,000.00	10,457.64		2,968,524.76
		<u>\$</u>	<u>2,353,982.40</u>	<u>\$</u>	<u>10,457.64</u>	<u>\$ 6,560.44</u>	<u>\$ 2,968,524.76</u>
		D	D	D-13	D-5	D	D
	<u>Ref.</u>						



## Exhibit - D-19

SCHEDULE OF ACCOUNTS PAYABLE  
WATER AND SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - June 30, 2009	D	\$ 3,660.00
Balance - December 31, 2009	D	<u>\$ 3,660.00</u>

## Exhibit - D-20

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

	<u>REF.</u>	
Balance - June 30, 2009	D	\$ 77,000.00
Balance - December 31, 2009	D	<u>\$ 77,000.00</u>

## Exhibit - D-21

SCHEDULE OF RESERVE FOR AMORTIZATION  
WATER AND SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - June 30, 2009	D	\$ 13,953,950.83
Increased by:		
Serial Bonds Paid	D-17	\$ 782,000.00
		<u>782,000.00</u>
Balance - December 31, 2009	D	<u>\$ 14,735,950.83</u>

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

	<u>REF.</u>	
Balance - June 30, 2009	D	\$ 3,660.00
Balance - December 31, 2009	D	<u>\$ 3,660.00</u>

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Exhibit - D-23

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE JUNE 30, 2009</u>	<u>AUTHORIZED TY 2009</u>	<u>DECREASES</u>	<u>BALANCE DEC. 31, 2009</u>
1441/1466/1493	Design Desalination Sys Water Plant	2,500,000.00	625,000.00		3,125,000.00
		<u>\$ 2,500,000.00</u>	<u>\$ 625,000.00</u>	<u>\$ -</u>	<u>\$ 3,125,000.00</u>

Ref.

D

SUPPLEMENTARY DATA

BOROUGH OF KEANSBURG  
MONMOUTH COUNTY, NEW JERSEY

COMBINED BALANCE SHEET ALL FUNDS  
FOR THE SIX MONTH TRANSITION YEAR ENDING DECEMBER 31, 2009

ASSETS	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	WATER AND SEWER UTIL. FUND	MEMORANDUM ONLY TOTALS	
					DECEMBER 31, 2009	JUNE 30, 2009
Cash	1,411,780.91	\$467,944.82	\$779,790.60	\$799,443.73	\$3,458,960.06	\$3,398,005.65
Accounts Receivable:						
Public & Private Grants	67,814.01				1,029,207.31	1,056,988.28
Due from State of New Jersey	14,701.81		961,393.30		14,701.81	63,585.38
Due from M.C.I.A.						7,980.00
Taxes, Assessments, Liens and Utility Charges	479,092.28			925,437.04	1,404,529.32	1,158,438.01
Interfund Loans	9,746.22		3,444.00	156,000.00	169,190.22	878,024.98
Other Accounts Receivable			33,038.90		33,038.90	43,894.32
Deferred Charges to Future Taxation						
General Capital			11,773,576.72		11,773,576.72	11,870,596.43
Deferred Charges to Revenue of Succeeding Years	116,000.00	474.05			116,474.05	116,000.00
Fixed Capital				24,320,950.83	24,320,950.83	24,320,950.83
Fixed Capital - Author. and Uncompl.				3,128,660.00	3,128,660.00	2,503,660.00
<b>Total Assets</b>	<b>\$2,099,135.23</b>	<b>\$468,418.87</b>	<b>\$13,551,243.52</b>	<b>\$29,330,491.60</b>	<b>\$45,449,289.22</b>	<b>\$45,418,123.88</b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>						
Bonds, Notes, Leases and Loans Payable			\$10,861,573.72	\$9,585,000.00	\$20,446,573.72	\$21,575,593.43
Special Emergency Notes Payable	116,000.00				\$116,000.00	116,000.00
Reserve for Encumbrances/Accounts Payable	396,227.96		60,461.50	465,907.14	\$922,596.60	584,442.83
Excess Non Municipal Billings						
Tax, Assessment, Utility Charge and Other Overpayments	8,747.98			16,749.80	\$25,497.78	15,984.48
Appropriation Reserves	331,458.61			16.09	\$331,474.70	572,504.22
Amounts Pledged to Specific Purposes	33,599.22		158,799.78	120,931.99	\$313,330.99	790,515.27
Improvement Authorizations		464,503.38	2,464,408.52	2,975,085.20	\$5,903,997.10	4,837,149.20
Interfund Loans	3,444.00	3,711.49	6,000.00	156,034.73	\$169,190.22	878,024.98
Other Liabilities	105,362.91	204.00			\$105,566.91	84,762.29
Res. for State and Fed. Grants	92,322.07				\$92,322.07	116,307.59
Reserve for Certain Assets Receivable	488,860.99			925,437.04	\$1,414,298.03	1,220,058.55
Reserve for Amortization				14,739,610.83	\$14,739,610.83	13,957,610.83
Fund Balance	523,111.49			345,718.78	\$868,830.27	669,170.21
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$2,099,135.23</b>	<b>\$468,418.87</b>	<b>\$13,551,243.52</b>	<b>\$29,330,491.60</b>	<b>\$45,449,289.22</b>	<b>\$45,418,123.88</b>

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

Revenue and Other Income Realized	Transition Year 2009		State Fiscal Year 2009	
	Amount	%	Amount	%
Fund Balance Utilized	\$200,000.00	1.83	\$585,576.17	2.85
Miscellaneous - From Other Than Local Property Tax Levies	2,931,137.53	26.85	4,507,350.71	21.97
Collection of Delinquent Taxes and Tax Title Liens	3,175.57	0.03		
Collection of Current Tax Levy	7,516,271.17	68.84	15,106,993.38	73.63
Miscellaneous Revenues Not Anticipated	71,249.70	0.65	160,400.08	0.78
Unexpended Balance of Approp. Reserve	184,698.18	1.69	157,134.53	0.77
Various Reserves Cancelled	3,290.85	0.03		
Due From M.C.I.A.	7,980.00	0.07	753.39	0.00
Total Income	10,917,803.00	100.00	20,518,208.26	100.00
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	7,209,247.68	67.60	13,364,108.40	66.65
County Taxes	1,126,744.44	10.57	2,036,650.18	10.16
Local School Taxes	2,328,015.00	21.83	4,620,704.00	23.04
Other Debits:				
Other Charges			29,721.74	0.15
Total Expenditures	10,664,007.12	100.00	20,051,184.32	100.00
Statutory Excess to Fund Balance	253,795.88		467,023.94	
Fund Balance July 1	469,315.61		587,867.84	
	723,111.49		1,054,891.78	
Less:				
Utilization as Anticipated Revenue	200,000.00		585,576.17	
Fund Balance June 30	\$523,111.49		\$469,315.61	

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

Revenue and Other <u>Income Realized</u>	Transition Year 2009		State Fiscal Year 2009	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Fund Balance Utilized	\$75,000.00	2.92	\$225,000.00	4.53
Collection of Water and Sewer Rents	2,315,777.93	90.13	4,389,832.66	88.47
Miscellaneous Revenue Not Anticipated	2,322.00	0.09		
Miscellaneous - From Other Than Water and Sewer Rents	<u>176,367.93</u>	<u>6.86</u>	<u>347,391.61</u>	<u>7.00</u>
Total Income	<u>2,569,467.86</u>	<u>100.00</u>	<u>4,962,224.27</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures	2,348,603.68	100.00	4,792,132.76	100.00
Other Charges				
Total Expenditures	<u>2,348,603.68</u>	<u>100.00</u>	<u>4,792,132.76</u>	<u>100.00</u>
Statutory Excess (Deficit) to Surplus	220,864.18		170,091.51	
Fund Balance July 1	<u>193,430.89</u>		<u>248,339.38</u>	
	414,295.07		418,430.89	
Decreased by:				
Utilization as Anticipated Revenue	<u>75,000.00</u>		<u>225,000.00</u>	
Fund Balance June 30	<u>339,295.07</u>		<u>193,430.89</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2009</u>	<u>2008</u>	<u>2007*</u>
<u>Tax Rate:</u>	<u>\$1.975</u>	<u>\$1.912</u>	<u>\$1.764</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	<u>\$1.101</u>	<u>\$1.075</u>	<u>\$0.932</u>
County, Cty. Library & Cty. Open Space	<u>\$0.275</u>	<u>\$0.260</u>	<u>\$0.254</u>
Local School District	<u>\$0.599</u>	<u>\$0.577</u>	<u>\$0.577</u>
Assessed Valuation			
2009	<u>\$774,755,975.00</u>		
2008		<u>\$775,263,173.00</u>	
2007			<u>\$775,164,574.00</u>

Notes: Under the provisions of Chapter 73, L. 1976 (R.S. 54:4-46.1) the County Board of Taxation estimated the amount of approved Veterans' and Senior Citizens' tax deductions, etc. to be \$79,000.00 for the year 2009.

\* (R) - Revaluation

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>Cash Collections</u>	<u>% Of Collections</u>
TY 2009	\$7,870,005.84	\$7,516,271.17	95.51%
SFY 2009	15,060,095.71	15,027,318.08	99.78%
SFY 2008	14,299,557.10	14,279,193.06	99.86%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>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>
TY 2009	\$4,678.39	287,613.89	\$292,292.28	3.71%
SFY 2009	3,716.01	\$4,842.11	8,558.12	0.06%
SFY 2008	0.00	0.00	0.00	0.00%

COMPARISON OF WATER AND SEWER UTILITY LEVIES AND COLLECTIONS

<u>Year</u>	<u>Billings</u>	<u>*Collections</u>
TY 2009	\$2,294,959.80	\$2,282,555.44
SFY 2009	4,418,239.36	4,323,781.30
SFY 2008	4,286,043.61	4,296,982.65

\* Includes collections of prior unpaid balances



COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance June 30</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	TY 2009	\$523,111.49	\$500,000.00
	SFY 2009	469,315.61	200,000.00
	SFY 2008	587,867.84	585,576.17
	SFY 2007	1,014,226.60	850,000.00

	<u>Year</u>	<u>Balance June 30</u>	<u>Utilized in Utility Budget of Succeeding Year</u>	<u>Additional Utilized in Current Fund Budget of Succeeding Year</u>
Water and Sewer Utility Operating Fund	TY 2009	\$339,295.07	\$300,000.00	\$0.00
	SFY 2009	193,430.89	75,000.00	0.00
	SFY 2008	248,339.38	225,000.00	0.00
	SFY 2007	591,642.65	485,000.00	25,000.00

## OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as at December 31, 2009:

<u>NAME</u>	<u>TITLE</u>	<u>BOND</u>
Anthony DePompa	Mayor	
Lisa Strydio	Councilperson	
George Hoff	Councilperson	
Arthur Boden	Councilperson	
James Cocuzza, Sr.	Councilperson	
Patrick DeBlasio	Chief Financial Officer	\$350,000.00
Thomas Cusick	Borough Clerk/Tax Collector	\$250,000.00 *
John O. Bennett, III, Esq.	Borough Attorney	
Sharon Moore	Court Administrator	\$250,000.00 *
Dennis O'Keefe	Dept. of Public Works Supervisor	
Steve Ussman	Water & Sewer Department Supervisor	

\* Blanket bond coverage provided through JIF.

All other employees were covered under a blanket position bond coverage through the JIF.

**BOROUGH OF KEANSBURG  
COUNTY OF MONMOUTH, NEW JERSEY  
FOR SIX MONTH TRANSITION YEAR ENDED DECEMBER 31, 2009**

**GENERAL COMMENTS**

An audit of the financial accounts and transactions of the Borough of Keansburg, County of Monmouth, New Jersey, for the six-month transition year ended December 31, 2009 has been completed. The General Comments are herewith set forth:

**Scope of Audit**

The audit covered the financial transactions of the Finance Department, Treasurer and Tax/Water and Sewer Utility Collector and the other various offices and departments collecting fees within the Borough of Keansburg, County of Monmouth, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

**INTERNAL CONTROL MATTERS**

In planning and performing our audit of the financial statements of Borough of Keansburg, County of Monmouth, New Jersey as of and for the six month transition year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or 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.

With respect to the reporting of internal control matters, standards require that only a significant deficiency(ies) and material weaknesses need be reported in writing to management and those charged with governance.

## GENERAL COMMENTS

### INTERNAL CONTROL MATTERS (CONT'D)

The deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Borough's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated December 15, 2010 on the financial statements – regulatory basis of the Borough. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

#### Internal Control Over Financial Reporting – Significant Deficiency

##### 2009-1: Financial Accounting and Reporting System - Water & Sewer Utility

The Borough's General Ledger Accounting and Reporting System does not account for transactional activity of the Water & Sewer Utility Operating Fund on a monthly or other basis. The Borough records year-end balancing journal entries to agree with subsidiary accounting reports. Accordingly, no reconciliation of General Ledger Accounting and Reporting System and subsidiary accounting records is performed.

In addition, the Water and Sewer Finance Office implemented a new computer software system for the processing and recording of water and sewer rent activity. During the interim period of this engagement the Borough's Finance Department was unable to obtain adequate subsidiary records for posting to the General Ledger Accounting and Reporting System.

##### 2009-2 Documentation of Components of Internal Control

As required by Statement on Auditing Standards No. 115, a new standard with an implementation schedule, which covers audits of financial statements for periods ending on or after December 15, 2006, entities subject to audit are required to provide independent auditors with documentation of the various components of its internal controls.

The Borough should consider documenting the various components of its internal controls. This matter is discussed more fully in a separate section of the general comments.

#### Internal Control Over Financial Reporting – Deficiencies

##### Segregation of Duties—Finance Department, Tax Office, and Water and Sewer Utility Collector Office

Conditions exist whereby the same person may authorize and initiate financial transactions, record financial transactions, receipt and disbursement of Borough funds, and perform a reconciliation of general ledger control accounts with subsidiary financial accounting records and/or source documents.

## GENERAL COMMENTS

### INTERNAL CONTROL MATTERS (CONT'D)

#### Internal Control Over Financial Reporting – Deficiencies (Cont'd)

##### Segregation of Duties—Outside Offices/Departments Collecting Fees

Conditions may exist whereby the same individual may collect, record, and deposit/remit cash receipts in the following offices/departments: Municipal Court, Borough Clerk, Registrar of Vital Statistics, Board of Health, Construction Code/Code Enforcement, Fire Safety & Rental Permits, and Police Department.

#### Compliance and Other Matters – Material Non Compliance

##### 2009-3: Governmental Fixed Assets

The Borough does not maintain a Governmental Fixed Asset Accounting and Reporting System as required by the Local Finance Board, State of New Jersey, as codified in the New Jersey Administrative Code (N.J.A.C. 5:30-5.6) "Accounting for Governmental Fixed Assets".

##### 2009-4: Omission of Disclosure of Other Post Employment Benefit (OPEB) Liability

The Borough omitted Other Post employment Benefit (OPEB) disclosure required pursuant to Governmental Accounting Standards Board (GASB) Statement No. 45 and Local Finance Notice(s): LFN 2007-15 and LFN 2009-13R issued by Division of Local Government Services, Department of Community Affairs, State of New Jersey.

## OTHER MATTERS

#### Contracts and Agreements Required

##### To be advertised per N.J.S.A. 40A:11-4 (Cont'd)

N.J.S.A. 40A:11-4 states "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$21,000.00 except by contract or agreement".

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$21,000.00 or up to \$29,000 if the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A: 11-9). Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

## GENERAL COMMENTS

### OTHER MATTERS

#### Contracts and Agreements Required

To be advertised per N.J.S.A. 40A:11-4 (Cont'd)

The examination of expenditures revealed no individual payments, in excess of \$21,000.00 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement.

Upon inquiry of various officials responsible for the purchases of materials, supplies, equipment etc. for the municipality in relation to the Local Public Contracts Laws regarding the solicitation of quotations, it was determined that there was limited compliance with this provision of the law.

State Statute (N.J.S.A. 40A:6.1 subsection a.) mandates that the contracting organization retain the record of the solicitation of quotations and include a copy of the record with the voucher used to pay the vendor.

We suggest that the documentation of solicitation of quotes be appended to the voucher package in all cases.

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

Any interpretation as to possible violation of N.J.S.A. 40A:11-4 would be in the province of the municipal solicitor.

#### Business Registration Act (P.L. 2004, c.57) and Pay to Play Law (P.L. 2005, c.271)

During our procedures we reviewed payment for compliance with the provisions of the Business Registration Act (P.L. 2004, c.57) and the Pay to Play Law (P.L. 2005, c.271). Our review noted exceptions with compliance to the above referenced.

We suggest that the Borough maintain full compliance with the provisions of the Business Registration Act (P.L. 2004, c.57) and Pay to Play Law (P.L. 2005, c.271).

#### Collection of Interest on Delinquent Real Estate Taxes and Utility Charges

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

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

"Be it Resolved by the Mayor and the Borough Council, that 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.

## GENERAL COMMENTS

### Collection of Interest on Delinquent Real Estate Taxes and Utility Charges (Cont'd)

Our review indicates interest was collected in accordance with the foregoing resolution with exceptions notes.

We suggest that interest on delinquent items be collected in accordance with the adopted resolution.

### Delinquent Taxes and Tax Title Liens

No tax sale was scheduled and held during the Transition Year 2009, which represents the period July 1, 2009 through December 31, 2009. As cited in the prior year Report of Audit, the tax sale held during SFY 2009 omitted delinquent taxes and delinquent water and sewer rents reported to be in bankruptcy, disputed items and items omitted in error, and in addition, did not include delinquent water and sewer items billed during the first half of 2009.

It is recommended that all delinquent tax and delinquent water and sewer rent accounts be properly reviewed and included in the next scheduled subsequent tax sale for proper disposition when and where appropriate.

Delinquent Real Estate Taxes as at December 31, 2009 are as follows:

<u>Year</u>	<u>Amount</u>
TY 2009	\$ 284,486.73
SFY 2009	<u>3,127.16</u>
Total	\$ <u>287,613.89</u>

The following comparison is made of the number of tax title liens receivable at December 31, 2009.

<u>Year</u>	<u>Number of Liens</u>
TY 2009	5
SFY 2009	5
SFY 2008	0

We noted exceptions between the manual tax title lien register and the computerized subsidiary tax lien register.

We suggest that the manual tax title lien register be reconciled with the computerized subsidiary tax lien register.

The Borough maintained a manual foreclosed property ledger to account for foreclosed properties as at December 31, 2009.

## GENERAL COMMENTS

### Surety Bond Coverage

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage's in effect at December 31, 2009. The surety bond requirements for the Tax/Utility Collector were in compliance with Administrative Code minimum requirements issued by the Local Finance Board. The surety bond requirements for the Court personnel were in compliance with Administrative Code minimum and recommended requirements issued by the Local Finance Board.

During July 1998, the Local Finance Board completed a re-adoption of the Board's general rules in the New Jersey Administrative Code. Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds.

We suggest that the Borough review its statutory surety bond coverage for compliance with Administrative Code requirements. In addition, the Borough should review coverage for all employees and officials, and determine that each person is bonded in accordance with their respective responsibilities.

### Interfund Payable Balances

The balance sheets of the following funds show interfund loans payable at December 31, 2009:

<u>FUND</u>	<u>AMOUNT</u>
Current Fund	\$ 3,444.00
Trust Fund	3,711.49
General Capital Fund	6,000.00
Water and Sewer Utility Operating Fund	6,034.73
Water and Sewer Utility Capital Fund	150,000.00

Interfund Loans (by fund) are disclosed in Note 12 to the Financial Statements – Regulatory Basis.

Interfund loan balances listed above are to a certain extent, the result of year-end adjustments and journal entries between the funds and the failure to clear prior year amounts.

It is recommended that all interfund loan payable amounts be cleared by cash transfer, where feasible.

### Investment of Idle Funds

The Chief Financial Officer had the idle funds of the Borough invested in interest-bearing investments or accounts during TY 2009. Interest earnings from these accounts are reflected in the financial statements of the respective fund. The Borough maintains an informal investment program instituted by the Chief Financial Officer.

All accounts were directly confirmed as of December 31, 2009.

We suggest that the Borough require monthly cash, cash equivalent, and investment reporting to the Governing Body as part of the formal cash management plan policy.



## GENERAL COMMENTS

### Payment of Claims

Claims were examined on a test basis for the year under review and exceptions were noted relating to missing signatures, lacking back up documentation or could not be located.

We suggest that greater care should be exercised to assure completeness of the voucher process in all respects before payment is remitted.

We also suggest that the bill list presented to the governing body for the approval of payment of claims be complete in all respects.

### Purchase Order System and Encumbrance Accounting System

The Borough's budgetary operation is on a full encumbrance system with the exception of payrolls and other direct costs. The Borough utilizes a purchase order system for most of its expenditures. Tests of the systems disclosed instances of noncompliance during TY 2009, including the issuance of confirming orders.

We suggest that the Borough continue to review and monitor the Purchase Order System and Encumbrance Accounting System for compliance with the Technical Accounting Directive as codified in the New Jersey Administrative Code (N.J.A.C. 5:30-5.20) "Encumbrance Systems" in all respects.

### Municipal Court

The financial records of the Borough's Municipal Court were reviewed for the six-month transition year ended December 31, 2009. During the performance of our procedures, we noted that bail account bank reconciliations were not performed on a timely basis. Accordingly, detail bail listings were not reconciled with cash balances. In addition, monthly cash management worksheets were not available for all months within the fiscal year.

We suggest that all cash management worksheets be maintained complete and retained for audit.

It is recommended that the Municipal Court bank perform bail account bank reconciliations on a monthly basis.

### Outside Offices and Departments

Our review of the financial accounting and reporting records of the outside offices and departments disclosed the following exceptions:

- Noncompliance with 48-hour statutory deposit requirement (N.J.S.A. 40A:5-15).
- Lack of a permanent complete cash receipt and disbursement/turnover journal.
- Non-issuance of duplicate receipt forms.
- Lack of issuance of monthly reports and reconciliation of monthly reports with the records of the Finance Department.
- Lack of segregation of duties and responsibilities.

It is recommended that the Borough continue to review and standardize internal control and reporting policies with respect to outside offices and departments collecting Borough funds, including compliance with the statutory 48-hour deposit requirement.

## GENERAL COMMENTS

### Outside Offices and Departments (Cont'd)

In addition, we suggest that the Borough conduct a dog and cat license census in order to determine compliance with animal control licensing requirements.

### Water and Sewer Utility Fund

The Water and Sewer Utility operations for TY 2009 resulted in excess revenues of \$220,864.18 and a statutory excess of \$44,496.25 for debt statement purposes. The total Water and Sewer Utility debt of \$12,710,000.00 was reported as a statutory deduction allowed based upon statutory provisions, which permit full deductions when operations result in statutory excess in revenues. A reconciliation of the amounts reported as operating excess and statutory excess for debt statement purposes is included in the Note 3B to Financial Statements – Regulatory Basis.

Delinquent Water and Sewer Rents are reported within the Water and Sewer Utility financial statements in the amount of \$178,806.77. As mentioned earlier in the General Comments section of this report items that were subject to tax sale pursuant to state statute were not sold. The Borough's conversion to the calendar year during 2009 prohibited a tax sale during the six month transition year.

The Borough's General Ledger Accounting and Reporting System does not account for transactional activity of the Water & Sewer Utility Operating Fund on a monthly or other basis. The Borough records year-end balancing journal entries to agree with subsidiary accounting reports. Accordingly, no monthly reconciliation of General Ledger Accounting and Reporting System and subsidiary accounting records is performed.

In addition, the Water and Sewer Finance Office implemented a new computer software system for the processing and recording of water and sewer rent activity. During the interim period of this engagement the Borough's Finance Department was unable to obtain adequate subsidiary records for posting to the General Ledger Accounting and Reporting System.

We suggest that the Borough review the Water and Sewer Utility subsidiary accounting and reporting system to ensure the system meets the requirements and objectives of the Borough.

During the period under review and as cited in the previous report of Audit, it was noted that the Borough encountered a significant number of water and sewer rent accounts that were billed solely the quarterly debt service component. Accordingly, the accounts did not report consumption amounts for that respective period. Upon review, the Water and Sewer Utility has experienced an increased rate of vacancy as well as meter difficulties.

We suggest that the Borough continue to review these accounts for proper quarterly billing requirements.

The Borough adopted Ordinance Number 1474 amending Chapter 11 (Administration), Section 30 (Fee Schedule) during SFY 2009. Sanitary Sewer System and Water Distribution System Connection Fees were revised.

We suggest that the Borough performed an annual Sanitary Sewer System and Water Distribution System Connection Fee Calculation as required by Statute.

## GENERAL COMMENTS

### Administration and Accounting of State & Federal Grants (State & Federal Grant Fund and General and Water & Sewer Utility Capital Funds)

During TY 2009, the Borough operated programs, which, were funded in whole or in part by state or federal grant awards. As part of the acceptance of these funds, the Borough is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program. The examination of these grant programs indicated that the Borough has expended grant funds during TY 2009 for the purposes authorized.

We suggest that all grant receivable and appropriation balances (appropriated and unappropriated) as of December 31, 2009 be reviewed and proper disposition be made.

The acceptance of grant funds also places additional requirements upon the Borough with respect to the Borough's system of internal controls. Based upon the matrix of requirements applicable to a specific grant, the Borough's internal controls are required to include systems and policies and procedures designed to ensure compliance with the applicable requirements. In addition, we suggest the Borough review all of the applicable grant requirements in conjunction with the Borough's system of internal controls in order to ensure the Borough's internal controls are functioning at the requisite levels to meet with the various compliance requirements.

We suggest the Borough review its system of internal controls and various policies and procedures as they apply to the compliance requirements for State and Federal grants (See Internal Control Documentation).

It was also noted that the Schedules of Federal and State Financial Assistance were not complete in all respects. In addition, as with other local entities, due to weaknesses in the grant notification process followed by certain agencies that pass-through federal and state assistance to the Borough, the Borough often does not receive accurate and timely information with respect to grant funding sources, along with the relevant CFDA and account number information from its grantor agencies, which can inhibit the preparation of these financial assistance schedules.

We suggest that the Schedules of Federal and State Financial Assistance be complete in all respects, including the proper classification of expenditures, and presented for the single audit when required.

Local Finance Notice (LFN) 2009-19 addresses Local Unit responsibilities and related compliance issues required under American Recovery and Reinvestment Act (ARRA).

We suggest that the Borough review the LFN for compliance requirements applicable to ARRA awards.

### Condition of Records – Finance Department

The Finance Department utilized a computerized general ledger accounting system during TY 2009. General ledgers were maintained for all funds, with the exception of the Length of Service program (LOSAP) funded during the TY 2009 period. The Borough is currently in compliance with N.J.A.C. 5:30 - 5.7 General Ledger Accounting and reporting System, establishment and maintenance of a general ledger for at least the Current Fund.

## GENERAL COMMENTS

### Condition of Records – Finance Department (Cont'd)

Adjustments were required to the General Ledger Financial Accounting and Reporting System in order to reconcile with the financial statements as at December 31, 2009.

We suggest that the Borough incorporate the complete detail of activities and transactions of the following categories and accounts:

Payroll deductions/payroll deductions payable within the respective computerized financial accounting and reporting system (general ledger).

Real estate (property) tax within the respective computerized financial accounting and reporting system (general ledger).

Water and Sewer Rents within the respective computerized financial accounting and reporting system (general ledger).

A review of the Annual Debt Statement (ADS) as required by N.J.S.A. 40A: 2-40 disclosed the need for adjustments that were necessary in order for the ADS to agree with financial statement balances and amounts as at December 31, 2009.

We suggest that the TY 2009 Annual Debt Statement be amended to reflect the financial statement balance and amounts.

### Length of Service Program (LOSAP)

The Borough adopted ordinance no. 1449 titled “ An Ordinance Creating An Emergency Services Volunteer Length of Services Award Program (LOSAP) In The Borough of Keansburg” on August 22, 2007. The LOSAP program provides for annual contributions to active volunteer members of emergency service, commencing funding with the TY 2009 Budget (July 1, 1009 through December 31, 2009) for contributions earned during the CY 2008. Accordingly, the Borough is budgeting on a cash basis for amounts earned by the volunteers pursuant to the program criteria.

During TY 2009, the Borough funded LOSAP in the amount of \$40,005.53. The Length of Service Program (LOSAP) is presented within the Trust Funds (Unaudited). The Trust Fund's General Ledger Accounting and Reporting System did not record (omitted) the related transactions of the Length of Service Program (LOSAP). In addition, the Borough did not provide the financial reports of the third party program administrator. The Length of Service Program (LOSAP) is subject to review pursuant to State Statute.

It is recommended that the Borough records all Length of Service Program (LOSAP) transactions within the General ledger Accounting and Reporting System, and the Borough monitor all LOSAP program activities for compliance with program requirements and budgetary requirements.

### Accumulated Absence Management and Financing

The Local Finance Board adopted N.J.A.C. 5:30-15 “Accumulated Absence Management and Financing Rules” that govern how local units manage and finance compensation for accumulated absence time for employees.

## GENERAL COMMENTS

### Accumulated Absence Management and Financing (Cont'd)

We suggest that the Borough review the adopted rules for compliance, including timely annual and/or quarterly reconciliation of accumulated absences balances and amounts.

### Third Party Payroll Service

Third Party Servicing control policies require that oversight, testing, and local unit review be routinely performed by the Chief Financial Officer and payroll manager. In addition, local units are encouraged to utilize the IRS' Internet version of the Electronic Federal Tax Payment System (EFTPS) as an additional control.

We suggest that the Borough review its current Third Party Servicing control policies for compliance with the applicable provisions of Local Finance Notices (LFN) 2009-18 and 2003-15, respectively.

### Deferred Charges – Deficit in Operations - Animal Control Fund

The Animal Control Fund reports a deficit in operations in the amount of \$474.05 as at December 31, 2009.

It is recommended that the Borough avoid deferred charges/deficits in compliance with applicable statutes.

### Compliance with Technical Accounting Directives

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

N.J.A.C. 5:30-5.2 – Encumbrance Systems: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. The Borough of Keansburg is in compliance with this directive, with exceptions noted under Encumbrance System previously presented in the General Comments section of this report.

N.J.A.C. 5:30-5.6 – Accounting for Governmental Fixed Assets: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets. The Borough does not maintain a Governmental Fixed Asset accounting and reporting system.

It is recommended that the Borough implement a Governmental Fixed Asset Accounting and Reporting System in compliance with "N.J.A.C. 5:30-5.6 – Accounting for Governmental Fixed Assets".

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

## GENERAL COMMENTS

### Implementation of Governmental Accounting Standards Board (GASB) Statement No. 45

GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" issued by the Governmental Accounting Standards Board requires implementation in three phases beginning with phase 1 governments applying the requirements of the Statement in financial statements for periods beginning after December 15, 2006. The Division of Local government Services has issued Local Finance Notices LFN 2007-15 and LFN 2009-13 to assist in determining the proper compliance.

The Borough's required reporting in the annual financial statements was for the first fiscal year beginning after December 15, 2008, which represents the TY 2009 covering July 1, 2009 through December 31, 2009. The Borough has not implemented the provisions of GASB Statement No. 45 for compliance with the Directive, and accordingly our Auditor's Report on the Borough's financial statements is qualified for lack of required disclosure.

It is recommended that Borough implement the provisions of GASB Statement No. 45 in order to ensure compliance in all respects.

### Compliance with Local Finance Notices

Local Finance Notice (LFN) No. 92-15 requires that the Borough prepare and file a corrective action plan in accordance with the approved schedule.

The Borough is in compliance with the above directive.

### Internal Control Documentation

The Borough should continue the process of documenting its internal controls. This course of action will serve the purpose of meeting certain requirements as set forth by the Statement on Auditing Standards 115. We suggest the Borough continue this process and also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation should also include the internal controls that exist over grant compliance.

It is recommended that the Borough document the components of its internal controls in order to meet the requirements of Statement on Auditing Standards 115.

## RECOMMENDATION(S)

We Recommend the following:

That all delinquent tax and delinquent water and sewer rent accounts be properly reviewed and included in the next scheduled subsequent tax sale for proper disposition when and where appropriate.

That all interfund loan payable amounts be cleared by cash transfer, where feasible.

That the Municipal Court bank perform bail account bank reconciliations on a monthly basis.

That the Borough continue to review and standardize internal control and reporting policies with respect to outside offices and departments collecting Borough funds, including compliance with the statutory 48-hour deposit requirement.

That the Borough records all Length of Service Program (LOSAP) transactions within the General ledger Accounting and Reporting System, and the Borough monitor all LOSAP program activities for compliance with program requirements and budgetary requirements.

That the Borough avoid deferred charges/deficits in compliance with applicable statutes.

That the Borough implement a Governmental Fixed Asset Accounting and Reporting System in compliance with "N.J.A.C. 5:30-5.6 – Accounting for Governmental Fixed Assets".

That Borough implement the provisions of GASB Statement No. 45 in order to ensure compliance in all respects.

That the Borough document the components of its internal controls in order to meet the requirements of Statement on Auditing Standards 115.

\* \* \* \* \*

## ACKNOWLEDGMENT

During the course of our audit we received the complete cooperation of the various officials of the Borough of Keansburg, County of Monmouth and the courtesies extended to us were greatly appreciated.

Should any questions arise as to our comments or recommendations or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

Very truly yours,

HODULIK & MORRISON, P.A.



Robert S. Morrison, CPA, RMA  
No. 412