TOWN OF KEARNY

Financial Statements With Supplementary Information

June 30, 2009

(With Independent Auditors' Reports Thereon)

TOWN OF KEARNY

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Town Council
Town of Kearny
County of Hudson, New Jersey

We have audited the accompanying balance sheets-regulatory basis of the various funds and account group of the Town of Kearny in the County of Hudson, as of and for the years ended June 30, 2009 and 2008, 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 June 30, 2009. These financial statements are the responsibility of the Town of Kearny's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed below, we conducted our audits in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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In our opinion, because of the Town of Kearny's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Town of Kearny, New Jersey as of June 30, 2009 and 2008 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Town of Kearny, New Jersey at June 30, 2009 and 2008, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended June 30, 2009, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2009 on our consideration of the Town of Kearny'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 conducted for the purpose of forming an opinion on the financial statements of the Town of Kearny, State of New Jersey, taken as a whole. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State, Local Government, and Nonprofit Organizations, and New Jersey State Office of Management and Budget Circular Letter 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the financial statements. Additionally, the accompanying supplementary information, schedules and exhibits listed in the table of contents are not required parts of the financial statements, but are presented as additional analytical data, as required by the New Jersey Division of Local Government Services. This information has been subjected to the tests and other auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly presented in all material respects in relation to the regulatory basis financial statements taken as a whole on the basis of accounting as described in Note 1.

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CROO413

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

December 22, 2009

FWCC

Exhibit A

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

June 30, 2009 and 2008

	Ref.	2009	2008
Assets			
Regular Fund:			
Current Assets:			
Cash - Operating Accounts	A-4	$ 7,623,336	5,336,965
Cash - Change Fund	A-5	800	800
		7,624,136	5,337,765
Due from State of New Jersey per Ch. 129, P.L. 1976	A-7	200,382	164,952
		200,382	164,952
		7,824,518	5,502,717
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-8	1,793,777	1,133,618
Tax Title Liens	A-9	7,425,250	6,931,842
Property Acquired for Taxes - Assessed Valuation	A-10	1,593,100	1,593,100
Revenue Accounts Receivable	A-11	104,383	99,274
Interfunds Receivable:			
Federal and State Grant Fund	A-18	260,856	680,446
Other Trust Fund	A-18		102
		11,177,366	10,438,382
		19,001,884	15,941,099
Federal and State Grant Fund:			
Cash - Operating Accounts	A-4	1,041,733	899,430
Grants Receivable	A-12	3,504,909	3,402,795
		4,546,642	4,302,225
		$ 23,548,526	20,243,324

Exhibit A

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

June 30, 2009 and 2008

	Ref.		2009	2008
Liabilities, Reserves and Fund Balance				
Regular Fund:				
Appropriation Reserves:				
Encumbered	A-3/A-13	$	466,761	615,150
Unencumbered	A-3/A-13		483,353	757,125
Reserve for:				
Maintenance of Free Public Library w/ State Aid	A-15		82,994	77,224
Accounts Payable	A-17			38,661
Retroactive Pay	A-14		1,200,000	
Tax Overpayments	A-16		70,372	21,487
Due to State of N.J.-DCA Fees	A-22		1	
Prepaid Taxes	A-20		115,128	55,543
			2,418,609	1,565,190
Reserve for Receivables	Contra		11,177,366	10,438,382
Fund Balance	A-1		5,405,909	3,937,527
			19,001,884	15,941,099
Federal and State Grant Fund				
Interfunds Payable	A-23		260,856	680,446
Reserve for Grant Encumbrances	A-24		218,085	781,436
Reserve for Grant Expenditures	A-24		3,025,968	1,940,913
Reserve for UEZ			1,041,733	899,430
			4,546,642	4,302,225
		$	23,548,526	20,243,324

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Years Ended June 30, 2009 and 2008

	2009	2008
Revenues and Other Income:		
Fund Balance Utilized	2,500,000	
Miscellaneous Revenue Anticipated	33,866,852	35,350,130
Receipts from Delinquent Taxes	1,118,581	1,097,081
Receipts from Current Taxes	93,044,155	91,051,386
Non-Budget Revenue	732,587	608,032
Other Credits to Income:		
Grants Canceled		282,201
Accounts Payable Canceled		39,814
Prior Years Interfunds Returned	419,590	310,837
Unexpended Balance of Appropriation Reserves	208,368	201,614
Total Revenues and Other Income	131,890,133	128,941,095
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	30,215,104	30,256,495
Other Expenses	27,252,001	30,003,111
Capital Improvement Fund	100,000	100,000
Municipal Debt Service	5,523,024	3,148,299
Deferred Charges		507,342
Statutory Expenditures	4,158,124	1,189,078
	67,248,253	65,204,325
Prior Year Revenue Refund	23,512	32,914
Grants Receivable Canceled	173,617	560,165
County Taxes	16,053,653	16,174,096
Local District School Tax	44,422,716	44,019,178
Total Expenditures	127,921,751	125,990,678
Excess (Deficit) Revenue Over Expenditures	3,968,382	2,950,417
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which Are By Statute Deferred Charges to Budget of Succeeding Year		
Statutory Excess to Fund Balance	3,968,382	2,950,417
Fund Balance, July 1,	3,937,527	987,110
	7,905,909	3,937,527
Decreased by:		
Fund Balance Utilized as Budget Revenue	2,500,000	
Fund Balance, June 30,	5,405,909	3,937,527

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended June 30, 2009

	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	$ 2,500,000	2,500,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	48,300	49,323	1,023
Other	58,100	73,861	15,761
Fees and Permits:	145,000	172,724	27,724
Fines and Costs:			
Municipal Court	1,062,000	1,105,081	43,081
Interest and Costs on Taxes	274,000	295,869	21,869
Parking Meters	243,000	264,317	21,317
Interest on Investments and Deposits	217,000	208,067	(8,933)
Hackensack Meadowlands Development Corporation	4,099,000	4,172,351	73,351
Hartz Mountain Lease Agreement	122,700	122,736	36
Consolidated Municipal Property Tax Relief Aid	2,305,607	2,305,607	
Energy Receipts Tax	18,467,614	18,467,614	
Supplemental Energy Receipts Tax	848,652	848,652	
Garden State Trust Fund	1,039		(1,039)
Uniform Construction Code Fees	307,000	366,903	59,903
State and Federal Revenues Offset w/ Appropriations:			
Body Armor Grant	11,414	11,414	
Bullet Proof Vest Grant	11,733	11,733	
Veterans Field House Construction-2007	100,000	100,000	
Veterans Field House Construction-2008	97,000	97,000	
Library Reading Park Construction	50,000	50,000	
Emergency Management Grant	10,000	10,000	
NJ Transit Grant	20,000	20,000	
Tobacco Age of Enforcement	2,520	2,520	
Paris Grant	46,300	46,300	
NJMC Housing Assistance	45,000	45,000	
Over the Limit Under Arrest	5,000	5,000	
Public Health Priority Funding	11,599	11,599	
UEZ Administration	308,146	308,146	
UEZ Jacobus Avenue Phase III	820,290	820,290	
Downtown Revitalization Grant	26,300	26,300	
Chemical Bufferzone Protection Program	1,219,310	1,219,310	
Recycling Tonnage Grant	30,615	30,615	
Municipal Alliance	42,197	42,197	
Technology Program Grant	93,530	93,530	
Hazerdous Discharge Site Remediation	98,973	98,973	
Municipal Assistance Program	100,000	100,000	
Office on Aging 2009	40,000	40,000	
Clean Communities 2009	44,739	44,739	
Alcohol Education Rehabilitation Fund	603	603	
Other Special Items:			
Uniform Fire Safety Act	79,000	106,525	27,525
Kearny MUA Sludge Removal	860,000	860,000	
KUEZ Debt Service Kearny Ave Project	624,900	624,900	

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended June 30, 2009

	Budget	Realized	Excess or (Deficit)
General Capital Fund Balance	148,000	148,000	
New Jersey Meadowlands Commission	210,500	157,875	(52,625)
New Jersey Meadowlands Commission-Host Community Fees	243,000	220,787	(22,213)
PILOT Payments	102,000	60,391	(41,609)
Total Miscellaneous Revenues	33,701,681	33,866,852	165,171
Receipts from Delinquent Taxes	1,097,000	1,118,581	21,581
Subtotal General Revenues	37,298,681	37,485,433	186,752
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	34,665,487	34,567,786	(97,701)
Budget Totals	71,964,168	72,053,219	89,051
Non-Budget Revenue		732,587	732,587
	$ 71,964,168	72,785,806	821,638

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended June 30, 2009

Analysis of Realized Revenues

Revenue from Current Tax Collections		$ 93,044,155
Allocated to County of Hudson	$ 16,053,653	
Local School District	44,422,716	
		60,476,369
Balance for Support of Municipal Budget Appropriations		32,567,786
Add : Appropriation - Reserve for Uncollected Taxes		2,000,000
Amount for Support of Municipal Budget Appropriations		$ 34,567,786
Receipts from Delinquent Taxes:		
FY 2008 Collections		1,118,581
		$ 1,118,581

Analysis of Non-budget Revenues

Miscellaneous Revenue Not Anticipated

Response Calls - NJTP	$ 2,360
Refunds	930
DMV	2,202
Bail	2,451
NSF Checks	865
Sewer Rebate	62,978
Clean Earth	141,253
Dental	50,042
Recycling	192,746
Health	7,500
Rentals	2,359
Police Private Duty	14,592
S/C Administration Fee	4,248
Comcast	182,127
Civil Union Fees	2,300
Miscellaneous	16,196
Transfer from S/C and Veteran Deductions Receivable	47,438
	$ 732,587
Cash	685,149
Transfer from Receivable	47,438
	$ 732,587

See accompanying notes to the financial statements.

Exhibit A-3

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
General Government:					
Administration:					
Salaries and Wages	$ 244,000	263,127	263,127		
Other Expenses					
Misc. Other Expenses	60,000	75,000	66,716	8,284	
Mayor and Council					
Salaries and Wages	97,000	120,637	120,637		
Other Expenses	4,000	4,000	3,918	82	
Town Clerk					
Salaries and Wages	228,000	235,040	235,040		
Other Expenses	30,000	17,500	17,251	249	
Elections:					
Salaries and Wages	5,000	3,046	3,046		
Other Expenses	30,000	27,500	26,914	586	
Legal:					
Salaries and Wages	50,000	25,000	25,000		
Other Expenses	625,000	775,000	771,823	3,177	
Prosecutor:					
Salaries and Wages	20,000	12,351	12,351		
Other Expenses		20,000	17,750	2,250	
Auditor:					
Other Expenses	85,000	85,000		85,000	
Engineering:					
Salaries and Wages	30,000	15,000	15,000		
Other Expenses	30,000	60,000	58,366	1,634	
Publicity and Industrial Development:					
Other Expenses	5,000	5,000	4,200	800	

Exhibit A-3

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Insurance:					
Life Insurance for Employees	50,000	51,000	50,980	20	
Employee Hospitalization	9,535,000	9,535,000	8,722,716	37,284	775,000
Other Insurance	50,000	47,500	47,060	440	
Dedicated Insurance Fund	1,650,000	1,650,000	1,600,000		50,000
Municipal Court					
Salaries and Wages	500,000	434,660	434,660		
Other Expenses	45,000	40,000	37,560	2,440	
Public Defender:					
Salaries and Wages	12,000	7,443	7,443		
Other Expenses		15,000	15,000		
Financial Administration:					
Treasurer:					
Salaries and Wages	382,000	388,941	388,941		
Other Expenses	200,000	105,000	100,739	4,261	
Assessment of Taxes:					
Salaries and Wages	143,000	126,527	126,527		
Other Expenses	30,000	90,000	84,744	5,256	
Collection of Taxes:					
Salaries and Wages	264,000	219,581	219,581		
Other Expenses	30,000	27,000	26,439	561	
Public Safety:					
Police:					
Salaries and Wages	14,900,000	14,900,000	14,016,086		883,914
Other Expenses	650,000	635,000	420,281	14,719	200,000
Uniform Fire Safety Act: (P.L. 1983 Chap. 383)					
Fire:					
Salaries and Wages	9,900,000	9,443,126	9,443,126		
Other Expenses	185,000	185,000	173,172	11,828	
Emergency Management Services:					
Other Expenses	5,000	5,000	5,000		

Exhibit A-3

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Health and Welfare					
Board of Health					
Salaries and Wages	575,000	393,981	393,981		
Other Expenses	60,000	65,000	62,167	2,833	
Intercounty Council on Drugs	6,000	6,000	6,000		
Board of Health-Contractual agreement	22,000	35,000	35,000		
Human Services					
Other Expenses	5,000	5,000	5,000		
Meals on Wheels Program					
Other Expenses	35,000	35,000	33,716	1,284	
Animal License					
Other Expenses	60,000	75,000	75,000		
Shelter Workshop for Handicapped					
Other Expenses	22,000	22,000	22,000		
Department of Public Works					
Road Repairs and Maintenance:					
Salaries and Wages	1,700,000	1,734,412	1,734,412		
Other Expenses	360,000	390,000	375,336	14,664	
Shade Tree:					
Salaries and Wages	550,000	531,911	531,911		
Other Expenses	160,000	160,000	156,035	3,965	
Public Buildings and Grounds:					
Salaries and Wages	245,000	220,392	220,392		
Other Expenses	275,000	305,000	285,039	19,961	
Vehicle Maintenance:					
Salaries and Wages	183,000	184,789	184,789		
Other Expenses	150,000	160,000	152,354	7,646	
Recreation and Parks:					
Recreation:					
Unified Recreation Committee	290,000	281,204	281,204		
Other Expenses	75,000	78,500	77,813	687	

Exhibit A-3

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Parks and Playgrounds:					
Other Expenses:	60,000	35,000	33,226	1,774	
Celebration of Public Events:					
Other Expenses:	35,000	35,000	27,029	7,971	
Senior Citizen Center					
Salaries and Wages	180,000	194,985	194,985		
Other Expenses	13,000	14,732	12,841	1,891	
Construction Code Enforcement					
Salaries and Wages	655,000	589,738	589,738		
Other Expenses	60,000	55,000	51,201	3,799	
Zoning Commission					
Salaries and Wages	3,000	3,001	3,000	1	
Other Expenses	30,000	23,000	18,230	4,770	
Board of Appeals					
Salaries and Wages	1,750	369	369		
Other Expenses	3,000	3,000	1,374	1,626	
Planning Board					
Salaries and Wages	3,000	3,001	3,000	1	
Other Expenses	30,000	37,000	29,268	7,732	
Parking Lot Lease Payment	40,000	55,000	52,018	2,982	
Management Information					
Salaries and Wages	60,000	66,756	66,756		
Other Expenses	110,000	85,000	83,083	1,917	
Unclassified:					
Electricity and Gas	450,000	425,000	424,876	124	
Street Lighting	650,000	720,000	719,906	94	
Communications	300,000	325,000	324,728	272	
Block Parents Program	1,000	1,000		1,000	
Gasoline	375,000	347,000	246,014	986	100,000
Postage	55,000	55,000	52,127	2,873	
Salary and Wage Adjustment	200,000	700,000	700,000		
North Hudson Community Action Council	10,000	10,000	10,000		

Exhibit A-3

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Rental of Pumps	100,000	100,000	86,023	13,977	
Landfill and Solid Waste Disposal Costs					
Garbage and Trash Removal:					
Contractual	1,300,000	1,300,000	1,278,000		22,000
Bailer Fees	1,800,000	1,800,000	1,530,000		270,000
Total Operations within "CAPS"	51,371,750	51,315,750	48,731,135	283,701	2,300,914
B. Contingent	2,000	2,000		2,000	
Total Operations Including Contingent-within "CAPS"	51,373,750	51,317,750	48,731,135	285,701	2,300,914
Detail:					
Salaries & Wages	31,420,750	31,099,018	30,215,102	2	883,914
Other Expenses (Including Contingent)	19,953,000	20,218,732	18,516,033	285,699	1,417,000
(E) Deferred Charges and Statutory Expenditures-Municipal within "CAPS"					
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	850,000	890,000	883,976	6,024	
Consolidated Police and Firemen's Pension	240,000	240,000	238,836	1,164	
Public Employees' Retirement System	382,219	382,219	357,219		25,000
Police and Firemen's Retirement System	2,549,905	2,549,905	2,549,904	1	
Unemployment Insurance	105,000	121,000	120,695	305	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	4,127,124	4,183,124	4,150,630	7,494	25,000
Total General Appropriations for Municipal Purposes within "CAPS"	55,500,874	55,500,874	52,881,765	293,195	2,325,914

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Passaic Valley Sewer Commission:					
Share of Costs	4,100,000	4,100,000	3,834,158	842	265,000
Maintenance of Free Public Library (Ch. 82 & 541, P.L. 1985)					
Contribution	1,380,000	1,380,000	1,190,684	189,316	
Matching Funds For Grants	125,000	125,000			125,000
Total Other Operations - Excluded from "CAPS"	5,605,000	5,605,000	5,024,842	190,158	390,000
Public and Private Programs Offset by Revenues					
Body Armor Grant	11,414	11,414	11,414		
Bullet Proof Vest Grant	11,733	11,733	11,733		
Veterans Field House Construction-2007	100,000	100,000	100,000		
Veterans Field House Construction-2008	97,000	97,000	97,000		
Library Reading Park Construction	50,000	50,000	50,000		
Emergency Management Grant	10,000	10,000	10,000		
NJ Transit Grant	20,000	20,000	20,000		
Tobacco Age of Enforcement	2,520	2,520	2,520		
Paris Grant	46,300	46,300	46,300		
NJMC Housing Assistance	45,000	45,000	45,000		
Over the Limit Under Arrest	5,000	5,000	5,000		
Public Health Priority Funding	11,599	11,599	11,599		
UEZ Administration	308,146	308,146	308,146		
UEZ Jacobus Avenue Phase III	820,290	820,290	820,290		
Downtown Revitalization Grant	26,300	26,300	26,300		
Chemical Bufferzone Protection Program	1,219,310	1,219,310	1,219,310		
Recycling Tonnage Grant	30,615	30,615	30,615		
Municipal Alliance	42,197	42,197	42,197		
Technology Program Grant	93,530	93,530	93,530		

Exhibit A-3

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Hazerdous Discharge Site Remediation	98,973	98,973	98,973		
Office on Aging 2009	40,000	40,000	40,000		
Clean Communities 2009	44,739	44,739	44,739		
Alcohol Education Rehabilitation Fund	603	603	603		
Municipal Assistance Program	100,000	100,000	100,000		
Total Public and Private Programs Offset by Revenues	3,235,269	3,235,269	3,235,269		
Total Operations-Excluded from "CAPS"	8,840,269	8,840,269	8,260,111	190,158	390,000
Detail:					
Other Expenses	8,840,269	8,840,269	8,260,111	190,158	390,000
Capital Improvements-"Excluded from CAPS"					
Capital Improvement Fund	100,000	100,000	100,000		
Toptal Capital Improvements-"Excluded from CAPS"	100,000	100,000	100,000		
Municipal Debt Service - Excluded from "CAPS"					
Green Trust Loan Program					
Loan Repayments for Principal and Interest	43,163	43,163	43,162		1
N.J. Wastewater Treatment Trust					
Loan Repayments for Principal and Interest	572,105	572,105	572,105		
Payment of Bond Principal	2,675,000	2,675,000	2,675,000		
Interest on Bonds	2,232,757	2,232,757	2,232,757		
Total Municipal Debt Service-Excluded from "CAPS"	5,523,025	5,523,025	5,523,024		1
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	14,463,294	14,463,294	13,883,135	190,158	390,001

Exhibit A-3

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Subtotal General Appropriations	69,964,168	69,964,168	66,764,900	483,353	2,715,915
Reserve for Uncollected Taxes	2,000,000	2,000,000	2,000,000		
Total General Appropriations	$ 71,964,168	71,964,168	68,764,900	483,353	2,715,915

Appropriation by 40A:4-87	85,342
Budget	71,878,826
	71,964,168

Reserve for Uncollected Taxes	2,000,000
Transferred to Reserve for Retroactive Payroll	700,000
Grants	3,235,269
Encumbrances	466,761
Cash	62,362,870
	68,764,900

See accompanying notes to the financial statements.

Exhibit B

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

June 30, 2009 and 2008

	Ref.	2009	2008
Assets			
Assessment Trust Fund:			
Assessment Receivable - Unpledged	B-3	$ 1,136	1,136
Assessment Liens Receivable - Unpledged	B-4	292	292
		1,428	1,428
Animal Trust Fund:			
Cash	B-2	19,220	13,722
		19,220	13,722
Other Trust Funds:			
Cash	B-2	3,928,299	4,259,882
Community Development Receivables	B-7	450,088	582,239
Other Accounts Receivable	B-6	47,443	47,443
Intrafund Accounts Receivable			
Due from Escrow Trust Fund	B-14	216,871	216,871
Due from CDBG Trust Fund	B-14		284,124
Due from Other Trust Fund	B-14		13,010
		4,642,701	5,403,569
Self-Insurance Trust Fund:			
Cash	B-2	1,109,857	859,818
		1,109,857	859,818
		$ 5,773,206	6,278,537

Exhibit B

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

June 30, 2009 and 2008

	Ref.		2009	2008
Liabilities, Reserves & Fund Balance				
Assessment Trust Fund:				
Reserve for Assessments and Liens	B-12	$	1,334	1,334
Fund Balance	B-1		94	94
			1,428	1,428
Animal Trust Fund:				
Reserve for Animal Control Expenditures	B-8		19,220	13,722
			19,220	13,722
Other Trust Fund:				
Reserves for:				
Other Expenditures	B-9		3,975,742	4,030,447
Community Development Grant	B-10		450,088	859,015
Interfunds Accounts Payable:				
Due to Current Fund	B-13			102
Intrafund Accounts Payable:				
Due to Affordable Housing Trust Fund	B-14		98,357	110,067
Due to Other Trust Fund	B-14		118,514	402,638
Due to Public Library Trust Fund	B-14			1,300
			4,642,701	5,403,569
Self-Insurance Trust Fund:				
Reserve for Self-Insurance	B-11		1,109,857	859,818
			1,109,857	859,818
		$	5,773,206	6,278,537

See accompanying notes to financial statements.

Exhibit B-1

TOWN OF KEARNY, N.J.

Schedule of Fund Balance-Regulatory Basis

Assessment Trust Fund

Year Ended June 30, 2009

Balance - June 30, 2008	$ 94
Balance - June 30, 2009	$ 94

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

Year Ended June 30, 2009 and 2008

	Ref.		2009	2008
Assets				
Cash - Checking Accounts	C-2/C-3	$	918,600	1,714,590
Accounts Receivable:				
Department of Transportation Grants	C-4		420,278	110,278
Green Acres Grants	C-4		500,000	538,344
Hudson County Open Space Grants	C-4		110,000	410,000
Loans Receivable:				
Environmental Infrastructure Loans	C-5		858,918	1,466,668
Green Acres Loans	C-5			538,344
Due From Water Capital Fund	C-8		500,000	
Deferred Charges to Future Taxation:				
Funded	C-6		58,334,645	61,114,071
Unfunded	C-7		5,512,477	1,777,477
		$	67,154,918	67,669,772
Liabilities, Reserves and Fund Balance				
General Serial Bonds	C-9	$	47,644,000	50,319,000
New Jersey Wastewater Loan Payable	C-10		9,890,394	10,381,854
Green Acres Trust Loan Payable	C-11		800,251	413,217
Improvement Authorizations:				
Funded	C-13		1,697,733	2,867,421
Unfunded	C-13		4,514,860	1,269,599
Capital Improvement Fund	C-15		129,599	104,599
Reserve for Receivables	C-12		310,000	1,376,688
Schedule of Reserves	C-14		2,166,354	788,716
Fund Balance	C-1		1,727	148,678
		$	67,154,918	67,669,772

There were $5,512,477 and $1,777,477 of Bonds and Notes Authorized but Not Issued on June 30, 2009 and 2008 respectively (Exhibit C-16).

See accompanying notes to the financial statements.

Exhibit C-1

TOWN OF KEARNY, N.J.

Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Year Ended June 30, 2009

Balance, June 30, 2008	$	148,678
Increased by:		
Funded Improvement Authorizations canceled		1,049
		149,727
Decreased by Disbursements:		
Appropriated as Budget Revenue		148,000
Balance, June 30, 2009	$	1,727

See accompanying notes to the financial statements.

Exhibit D

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

June 30, 2009 and 2008

	Ref.		2009	2008
Assets				
Water Utility Operating Fund:				
Cash - Treasurer	D-5	$	323,700	532,461
Due From East Orange Water Commission	D-7		264,460	352,614
			588,160	885,075
Receivables with Full Reserves:				
Consumers' Accounts Receivable	D-8		634,968	677,672
Municipal Liens	D-9		37,804	
			672,772	677,672
Total Water Utility Operating Fund			1,260,932	1,562,747
Capital Fund:				
Cash - Treasurer	D-5,D-6		73,410	1,611,121
Fixed Capital	D-10		22,146,385	22,146,385
Fixed Capital Authorized and Uncompleted	D-11		4,300,000	
Total Capital Fund			26,519,795	23,757,506
		$	27,780,727	25,320,253

Exhibit D

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

June 30, 2009 and 2008

Liabilities, Reserves and Fund Balance	Ref.	2009	2008
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-12	18,967	7,936
Reserve for Encumbrances	D-4	5,714	25,715
Accrued Interest on Bonds and Notes	D-13	132,794	31,150
		157,475	64,801
Reserve for Receivables	Contra	634,968	677,672
Reserve for Municipal Liens	Contra	37,804	
Fund Balance	D-1	430,685	820,274
Total Water Utility Operating Fund		1,260,932	1,562,747
Capital Fund:			
Interfund Accounts Payable:			
Due to General Capital Fund	D-18	500,000	
Serial Bonds Payable	D-17	7,363,000	7,593,000
Improvement authorization:			
Funded	D-14	266,696	1,569,624
Unfunded	D-14	3,540,217	
Capital Improvement Fund	D-15	57,750	32,750
Reserve for:			
Amortization	D-16	14,783,385	14,553,385
Fund Balance	D-2	8,747	8,747
Total Capital Fund		26,519,795	23,757,506
		$ 27,780,727	25,320,253

There were $4,300,000 and $0 of Bonds and Notes Authorized But Not Issued on June 30, 2009 and 2008 respectively (Exhibit D-18).

See accompanying notes to financial statements.

Exhibit D-1

TOWN OF KEARNY, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Water Utility Operating Fund

Years Ended June 30, 2009 and 2008

	2009	2008
Revenue and other income:		
Operating Surplus Anticipated	$ 725,310	88,156
Water rents	4,961,629	4,746,876
Water bulk - Cedar Grove	470,019	556,028
Miscellaneous Revenue		23,732
Liabilities Canceled		53,786
Unexpended balance appropriation reserve	4,073	22,727
Total revenue and other income	6,161,031	5,491,305
Expenditures:		
Operating	5,001,656	4,488,281
Capital Improvements	25,000	
Debt service	662,000	369,721
Deferred charges and statutory expenditures	136,654	130,154
Transferred to Current Fund as Revenue		260,000
Total expenditures	5,825,310	5,248,156
Excess (Deficit) in revenues	335,721	243,149
Statutory Excess to Fund Balance	335,721	243,149
Fund balance, July 1	820,274	665,281
	1,155,995	908,430
Decreased by utilization by water operating budget	725,310	88,156
Balance, June 30	$ 430,685	820,274

See accompanying notes to financial statements.

Exhibit D-2

TOWN OF KEARNY, N.J.

Schedule of Fund Balance - Regulatory Basis

Water Utility Capital Fund

Year ended June 30, 2009

Balance, June 30, 2008	$ 8,747
Balance, June 30, 2009	$ 8,747

See accompanying notes to financial statements.

Exhibit D-3

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year ended June 30, 2009

	Anticipated	Realized	Excess (deficit)
Surplus Anticipated	$ 725,310	725,310	
Rents	4,700,000	4,961,629	261,629
Water Bulk Sales - Cedar Grove	400,000	470,019	70,019
	$ 5,825,310	6,156,958	331,648

Analysis of Realized Revenue

Rents	$ 4,961,629
Water Bulk Sales - Cedar Grove	470,019
	5,431,648

See accompanying notes to financial statements.

Exhibit D-4

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year ended June 30, 2009

	Appropriations				
	Budget	Budget after modification	Paid or charged	Reserved	Canceled
Operating:					
Salaries and Wages	$ 625,000	640,500	640,478	22	
Other Expenses	800,000	786,000	767,338	18,662	
North Jersey Water District Supply	3,575,156	3,575,156	3,575,156		
Total Operating	5,000,156	5,001,656	4,982,972	18,684	
Capital Improvements:					
Capital Improvement Fund	25,000	25,000	25,000		
	25,000	25,000	25,000		
Debt Service:					
Payment of Bond Principal	230,000	230,000	230,000		
Interest on Bonds	432,000	432,000	432,000		
	662,000	662,000	662,000		
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures - Contribution to:					
Receivable-East Orange	88,154	88,154	88,154		
Social Security	50,000	48,500	48,217	283	
Total Deferred Charges and Statutory Expenditures	138,154	136,654	136,371	283	
	$ 5,825,310	5,825,310	5,806,343	18,967	

Cash Disbursed	$ 5,280,475
Accrued Interest on Bonds and Notes	432,000
Encumbrances	5,714
Due From East Orange	88,154
	$ 5,806,343

See accompanying notes to financial statements.

Exhibit E

TOWN OF KEARNY, N.J.

Comparative Balance Sheets-Regulatory Basis

Public Assistance Trust Fund

June 30, 2009 and 2008

	Ref.	2009	2008
Assets			
Goodwill Account			
Cash	E-1	$ 17,880	13,285
Due from Current Fund	E-2		16
		$ 17,880	13,301
Liabilities			
Goodwill Account			
Reserve for Public Assistance Expenditures	E-3	$ 17,880	13,301
		$ 17,880	13,301

See accompanying notes to the financial statements.

Exhibit F

TOWN OF KEARNY, N.J.

Comparative Balance Sheets-Regulatory Basis

Payroll Account

June 30, 2009 and 2008

	2009	2008
Assets		
Cash	$ 301,100	262,998
	$ 301,100	262,998
Liabilities		
Withholdings Payable	$ 299,428	262,998
Reserve for Payroll	1,672	
	$ 301,100	262,998

See accompanying notes to the financial statements.

Exhibit G

TOWN OF KEARNY, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

June 30, 2009 and 2008

		2009	2008
General Fixed Assets:			
Land	$	4,000,600	4,000,600
Buildings		6,070,933	6,070,933
Machinery and equipment		22,563,144	21,970,196
		32,634,677	32,041,729
Investment in General Fixed Assets	$	32,634,677	32,041,729

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Town of Kearny have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is another comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 Town accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Town of Kearny (the "Town") operates under a Mayor/Council form of government. The Town's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Town do not include the Volunteer Fire Department, First Aid Organization or Public Library, which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

The Town uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Town functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Town has the following funds and account group:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Town as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Town as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal License Fund - This fund is used to account for fees collected from animal licenses and expenditures, which are regulated by NJS 4:19-15.11.

Self-Insurance Fund - This fund is used to account for expenditures for Worker's Compensation and General Liability insurance claims and premiums.

Assessment Trust Fund - This fund is used to account for the collection of special assessments for improvements.

Payroll Fund - Receipts and disbursements of payroll withholdings that the Town collects on behalf of various agencies as their agents.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Town pursuant to Title 44 of New Jersey Statutes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Water Utility Fund – This fund is used to account for revenues and expenditures for operation of the Town's water facilities and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities are accounted for in the capital section of the fund.

General Fixed Assets Account Group - To account for all fixed assets of the Town. The Town's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Town of Kearny. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of $1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Town. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Town. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue 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. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Basis of Accounting, (continued)

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Town's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Town's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the Current Fund and the water utility operating fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Town and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Town is not required to adopt budgets for the following funds:

General Capital Fund
Trust Fund
Public Assistance Fund
Water Utility Capital Fund

The governing body shall introduce and approve the annual budget not later than August 10, of the fiscal year. The budget shall be adopted not later than September 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Basis of Accounting, (continued)

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2009, the governing body approved the insertion of $85,342 in grant monies and donations into the budget in accordance with N.J.S.A. 40A:4-87. They also approved several budget transfers.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at June 30, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at June 30, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at June 30 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Basis of Accounting, (continued)

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

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

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

General Fixed Assets - The Town of Kearny has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Basis of Accounting, (continued)

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

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimate - The preparation of financial statements requires management of the Town 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 these estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Town presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodian credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of June 30, 2009, $-0- of the Town's bank balance of $16,529,804 was exposed to custodial credit risk.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Investments

Investment Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer.

NOTE 3. MUNICIPAL DEBT

Long-term debt as of June 30, 2009 consisted of the following:

	Balance June 30, 2008	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
General Obligation Debt	$50,319,000	$	$2,675,000	$47,644,000	$4,815,000
Water Utility Obligation Debt	7,593,000		230,000	7,363,000	250,000
Total Bonds Payable	57,912,000		2,905,000	55,007,000	5,065,000
Other Liabilities:					
New Jersey Wastewater Loans	10,381,854		491,460	9,890,394	587,658
Green Acres Trust Loans	413,217	413,690	26,656	800,251	46,724
Compensated Absences Payable	5,976,987	1,041,665	1,870,951	5,147,701	
Total Other Liabilities	16,772,058	1,455,355	2,389,067	15,838,346	634,382
	$74,684,058	$1,455,355	$5,294,067	$70,845,346	$5,699,382

NOTE 3. MUNICIPAL DEBT, (continued)

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Town are general obligation bonds, backed by the full faith and credit of the Town. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

The Town's debt is summarized as follows:

	Year 2009	Year 2008	Year 2007
Issued:			
General Bonds, Notes and Loans	$58,334,645	$61,114,071	$55,518,817
Municipal Utility Authority*	17,733,671	15,913,724	16,716,748
Water Utility Bonds and Notes	7,363,000	7,593,000	3,954,000
Net Debt Issued	83,431,316	84,620,795	76,189,565
Authorized But Not Issued:			
General Bonds and Notes	5,512,477	1,777,477	8,424,791
Water Utility Bonds and Notes	4,300,000		1,578,060
Total Authorized But Not Issued	9,812,477	1,777,477	10,002,851
Net Bonds and Notes Issued and Authorized But Not Issued	$93,243,793	$86,398,272	$86,192,416

* Guaranteed by the Town of Kearny

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.37%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	$15,995,000	$15,995,000	$
General Debt	81,580,793	27,400,025	54,180,768
Utility Debt	11,663,000	11,663,000	
	$109,238,793	$55,058,025	$54,180,768

Net Debt $54,180,768 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, $3,961,991,553 equals 1.37%.

NOTE 3. MUNICIPAL DEBT, (continued)

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

3 ½% of equalized valuation basis (municipal)	$138,669,704
Net Debt	54,180,768
Remaining borrowing power	$84,488,936

The Town's long term debt consisted of the following at June 30, 2009:

General Obligation Bonds - Paid by Current Fund	Amount Outstanding
General Serial Bonds - with an interest rate from 3.75% to 4.15% issued January 15, 2003 through January 15, 2016	$12,534,000
Refunding Bonds - with an interest rate from 2.00% to 4.25% issued January 15, 2003 through January 15, 2016	4,750,000
Pension Refunding Bonds (Taxable) - with an interest rate of 3.28% to 5.92% issued January 15, 2003 through February 1, 2021	7,500,000
Refunding Bonds - with an interest rate from 4.5% to 5.00% issued February 1, 2007, due through February 1, 2016	7,480,000
Refunding Bonds (Taxable) - with an interest rate from 4.98% to 5.16% issued February 1, 2007, due through February 1, 2016	5,100,000
General Improvement Bonds - with an interest rate from 3.50% to 4.00% issued January 15, 2008, due through January 15, 2021	10,280,000
	$47,644,000

NOTE 3. MUNICIPAL DEBT, (continued)

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED, (continued)

Green Acres Loan - Paid by Current Fund	Amount Outstanding
The Town has three outstanding loan agreements with New Jersey Green Acres Bond Act of 1983 for the F.J. Vincent Marina Project, the Riverbank Park Project, and the Harvey Field Project. The 1992 for the Marina Project award is at a rate of 2.0% in the amount of $73,725.00 with semi-annual loan payments of various amounts made on August 7 and February 7 through February 7, 2012	$13,286
The 2003 Harvey Field Project award is at a rate of 2% in the amount of $235,731 with semi-annual loan payments of various amounts made on July 11 and January 11 through July 11, 2022	200,603
The 2004 Riverbank Park Project Award is at a rate of 2% in the amount of $250,000 with semi-annual loan payments of various amounts made on February 28 and August 28 through February 28, 2024	172,672
The 2009 Gunnel Oval Skateboard Park Project award is an interest free loan in the amount of $138,690 with semi-annual loan payments of $3,556 made on May 26 and November 26 through November 26, 2028	138,690
The 2008 Bell Playground Project award is at a rate of 2% in the amount of $275,000 with semi-annual loan payments of various amounts made on January 9 and July 9 through July 9, 2027	275,000
	$800,251

Wastewater Treatment Loans - Paid by Water Utility Fund

The Town has outstanding two loan agreements with the New Jersey Environmental Infrastructure Trust for financing relating to improvement to the Wastewater Treatment Plants.

Trust Bonds Series 1998A - Trust Share - with an interest rate of 4.0%-4.5% issued November 1, 1998, due through August 1, 2018	$985,000
Trust Bonds Series 1998A - Fund Share - at a zero rate of interest issued November 1, 1998, due through August 1, 2018	791,275
Trust Bonds Series 2004A - Trust Share - with an interest rate of 3.0%-5.0% issued November 4, 2004, due through August 1, 2024	915,000
Trust Bonds Series 2004A - Fund Share - at a zero rate of interest issued November 4, 2004, due through August 1, 2024	2,459,744
Trust Bonds Series 2007A - Trust Share - with an interest rate of 3.4%-5.0% issued November 8, 2007, due through August 1, 2027	1,255,000
Trust Bonds Series 2007A - Fund Share - at a zero rate of interest issued November 8, 2007, due through August 1, 2027	3,484,375
	$9,890,394

NOTE 3. MUNICIPAL DEBT, (continued)

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED, (continued)

Water Utility Bonds - Paid by Water Utility Fund	Amount Outstanding
The Town pledges revenue from operations to pay debt service on bonds issued. Water utility bonds outstanding at June 30, 2009 are as follows:	
Water Utility Bonds - with an interest rate of 7.20% issued December 15, 1989, due through December 15, 2009	$30,000
Water Utility Bonds - with an interest rate of 5.10% issued November 15, 1997, due through August 1, 2016	325,000
Water Utility Bonds (Taxable) - with an interest rate of 5.00% to 5.50% issued January 15, 2003, due through January 15, 2016	933,000
Water Utility Bonds - with an interest rate of 3.75% to 4.15% issued January 15, 2003, due through January 15, 2016	175,000
Water Utility Bonds - with an interest rate of 3.50% to 5.25% issued January 15, 2008, due through January 15, 2027	5,900,000
	$7,363,000

The Town's principal and interest for bonded debt and loans issued and outstanding as of June 30, 2009 is as follows:

	General Capital Debt		Utility Debt		
June 30,	Principal	Interest	Principal	Interest	Total
2010	$4,815,000	$2,072,404	$250,000	$325,988	$7,463,392
2011	5,020,000	1,878,804	280,000	311,223	7,490,027
2012	5,230,000	1,675,138	300,000	296,338	7,501,476
2013	5,460,000	1,452,063	320,000	280,753	7,512,816
2014	5,705,000	1,216,188	340,000	264,468	7,525,656
2015-2019	17,254,000	2,725,874	1,938,000	1,055,640	22,973,514
2020-2024	4,160,000	258,040	2,425,000	598,000	7,441,040
2025-2027			1,510,000	121,200	1,631,200
	$47,644,000	$11,278,511	$7,363,000	$3,253,610	$69,539,121

NOTE 4. BOND ANTICIPATION NOTES

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

On June 30, 2009, the Town had $-0- in outstanding general capital bond anticipation notes. The Town also had $-0- of Water Utility Capital Bond Anticipation notes.

NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At June 30, 2009, the Town had no deferred charges on the balance sheets of the various funds.

NOTE 6. PENSION PLANS

Description of Systems:

Substantially all of the Town's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits

NOTE 6. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS), (continued)

as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final average compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years or 1/60 of final average compensation multiplied by the number of years of creditable service, whichever is greater. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

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. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Significant Legislation

Chapter 108, P.L. 2003, effective July 1, 2003 provided that the State Treasurer shall reduce the normal and accrued liability contributions payable by employers other than the State, excluding the contribution payable from the benefit enhancement fund, to a percentage of the amount certified annually by the retirement system, which for PERS will be as follows: for payments due in the State fiscal year ending June 30, 2005, 20 percent; for payments due in the State fiscal year ending June 30, 2006, not more than 40 percent; for payments due in the State fiscal year ending June 30, 2007, not more than 60 percent; and for payments due in the State fiscal year ending June 30, 2008, not more than 80 percent.

NOTE 6. PENSION PLANS, (continued)

Significant Legislation, (continued)

Chapter 108 (P.L. 2003), effective July 1, 2003, provided that local employer PFRS normal and accrued liability contributions will be 20% of the amount certified by the PFRS for payments due in State fiscal year 2004 and thereafter a percentage of the amount certified by the System as the State Treasurer will determine, but not more than 40% in fiscal year 2005, not more than 60% in fiscal year 2006, and not more than 80% in fiscal year 2007. According to the Appropriation Act of 2003, the State as well is paying pension obligations through a five-year phase-in.

Chapter 42, P.L. 2002 permitted local government units to issue refunding bonds to retire unfunded accrued liability resulting from early retirement benefits under PERS and PFRS, effective July 12, 2002.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.0% for PERS and 8.5% for PFRS of the employee's annual compensation, as defined through June 30, 2007. Under Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, the PERS and employee contribution rate will increase to 5.5 percent effective July 1, 2007. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Town's contribution to the various plans, equal to the required contributions for each year, were as follows:

Year	PERS	PFRS
2009	$357,219	$2,549,904
2008	432,914	4,164,385
2007	294,863	2,857,945

NOTE 7. ACCUMULATED VACATION AND SICK PAY

Under the existing policies and labor agreements of the Town, employees are allowed to accumulate (with certain restrictions) sick pay over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death or retirement. Employees are not allowed to accumulate unused vacation pay.

The estimated accumulated sick time liability as of June 30, 2009 was $5,147,701.

NOTE 8. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of June 30, 2009:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Land	$4,000,600	$	$	$4,000,600
Building	6,070,933			6,070,933
Machinery and Equipment	21,970,196	592,948		22,563,144
	$32,041,729	$592,948	$ -0-	$32,634,677

NOTE 9. DUE TO/FROM OTHER FUNDS

Balances due from/to other funds at June 30, 2009 consist of the following:

$500,000	Due to the General Capital Fund from the Water Capital Fund for cash advance.
260,856	Due to the Current Fund from the Federal and State Grant Fund to cover expenditures.
$760,856	

It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 10. RISK MANAGEMENT

The Town of Kearny was self-insured with respect to deductibles from insurance coverages for Automobile Liability, General Liability, Property Damage Liability, Police Professional Liability and Workers' Compensation.

An analysis of the Self-Insurance Trust Fund Reserve as reflected in the financial statements herein is detailed as follows:

Balance - June 30, 2008	$859,818
Increases:	
Town Contributions	1,600,000
Reimbursements	107,961
	1,707,961
	2,567,779
Decreases:	
Claims	1,457,922
Balance - June 30, 2009	$1,109,857

The self insurance fund is still operational to pay claims submitted prior to the Town's joining an insurance pool for these coverages.

NOTE 11. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance June 30, 2009	Balance June 30, 2008
Prepaid Taxes	$115,128	$55,543
Cash Liability for Taxes Collected in Advance	$115,128	$55,543

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES

We are advised by the Town Counsel that the Town is involved in several legal suits. These legal proceedings are not likely to have a material adverse impact on the affected funds of the Town. The following matters were identified by Town Counsel to have significant risk exposure:

(a) **Unemployment Compensation**

The Town has received a bill for $157,204 for delinquent Unemployment Contributions to the State of New Jersey. This bill includes $11,753 in charges and $145,451 in interest. The Town is researching this issue to determine the validity of the states claim.

NOTE 13. REVERSION TO CALENDAR YEAR BUDGET

On October 14, 2009, the Local Finance Board approved the Town's application to revert to a calendar year budget. This process requires a transition year budget and a transition year audit for the six-month period July 1, 2009 - December 31, 2009.

NOTE 14. FUND BALANCE APPROPRIATED

The fund balance at June 30, 2009 which has been appropriated as revenue in the FY 2010 budget is as follows:

Current Fund	-0-
Water Utility Operating Fund	$288,154

NOTE 15. PENSION DEFERRAL

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Town of Kearny opted for this deferral in the amount of $2,662,255.

SUPPLEMENTARY DATA AND SCHEDULES

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	Year Ended		
	2009	2008	2007
Tax Rate	8.947	8.776	8.276
Apportionment of Tax Rate			
Municipal	3.280	3.156	2.733
County	1.522	1.492	1.489
Local School	4.145	4.128	4.054
Assessed Valuation			
2009	$1,609,579,008		
2008		$1,071,081,556	
2007			$1,066,043,901.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

Year Ended June 30,	Tax Levy	Cash Collections	Percentage of Collection
2009	$95,274,383	$93,044,155	97.66%
2008	92,565,531	91,051,386	98.36
2007	86,502,856	84,536,581	97.73

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.

Year Ended June 30,	Amount of Tax Title Lien	Amount of Delinquent Taxes	Total Delinquent Taxes	Percentage of Tax Levy
2009	$7,425,250	$1,793,777	$9,219,027	9.68%
2008	6,931,842	1,060,257	7,992,099	8.63
2007	6,606,761	1,098,696	7,705,457	8.90

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

The value of properties acquired by liquidation of tax title liens on June 30, on the basis of the last assessed valuation of such properties, was as follows:

Year Ended June 30,	Amount
2009	$1,593,100
2008	1,593,100
2007	1,512,500

COMPARATIVE SCHEDULE OF FUND BALANCES

	Year Ended June 30,	Balance June 30,	Utilized in Budget of Succeeding Year
Current Fund	2009	$5,405,909	$0
	2008	3,937,527	2,500,000
	2007	987,110	0
	2006	987,110	0
	2005	2,413,254	1,949,000
Water Utility Operating	2009	$430,685	$288,154
	2008	820,274	725,310
	2007	665,281	88,156
	2006	298,159	0
	2005	166,918	90,000

OFFICIALS IN OFFICE AND SURETY BONDS

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

Name	Title	Surety Bond
Alberto Santos	Mayor	
Eileen Eckel	Council Member	
Barbara Cifelli-Sherry	Council Member	
Carol Jean Doyle	Council Member	
David Krusznis	Council Member	
Laura Cifelli-Pettigrew	Council Member	
Alexa Arce	Council Member	
Michael Landy	Council Member	
Susan McCurrie	Council Member	
Joseph D'Arco	Business Administrator/Town Clerk	
Shuaib Firozvi	Chief Financial Officer/Acting Tax Collector	
Norman A. Doyle	Municipal Court Judge	
Nancy Waller	Municipal Court Administrator	
Theresa McGuire	Municipal Prosecutor	
Gregory Castano	Town Attorney	
Joseph Neglia	Engineer	

A Blanket Bond in the amount of $1,000,000 covers all public employees who may handle municipal monies.

TOWN OF KEARNY, N.J.

Cash Receipts and Disbursements -Treasurer

Current Fund

Year Ended June 30, 2009

		Current Fund	Federal and State Grant Fund
Balance June 30, 2008	$	5,336,965	899,430
Increased by Receipts:			
Tax Collector		93,906,811	
Miscellaneous Revenue Not Anticipated		684,525	
Due From State of New Jersey		212,390	
Petty Cash		1,700	
Revenue Accounts Receivable		30,631,583	
State and Federal Grants Receivable		1,970,061	
Interfunds		624	
Reserve for Maintenance of Free Public Library with State Aid		41,083	
Tax Overpayments		83,868	
Prepaid Taxes		115,128	
Due to State - DCA Fees		24,257	
Reserve for Urban Enterprise Zone			142,303
		127,672,030	142,303
		133,008,995	1,041,733
Decreased by:			
Current Year Budget Appropriations		62,362,870	
Petty Cash		1,700	
Appropriation Reserves		663,907	
Reserve for Maintenance of Free Public Library with State Aid		35,313	
Due to State - DCA Fees		24,256	
Interfunds			
Accounts Payable		38,661	
Tax Overpayments		34,983	
County Taxes Payable		16,053,653	
Local District School Taxes		44,422,716	
Refund of Prior Years Revenue		23,512	
Grant Encumbrances		781,436	
Appropriated Reserves for Grants		942,652	
		125,385,659	
Balance June 30, 2009	$	7,623,336	1,041,733

Exhibit A-5

TOWN OF KEARNY, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended June 30, 2009

Balance June 30, 2008	$ 800
Balance June 30, 2009	$ 800

Exhibit A-6

Schedule of Cash - Petty Cash

Current Fund

Year Ended June 30, 2009

	Funds Established	Funds Returned
Health Department	$ 300	300
Fire Department	300	300
Police Department	600	600
Purchasing Department	200	200
Library	100	100
Department of PublicWorks	200	200
	$ 1,700	1,700

Exhibit A-7

TOWN OF KEARNY, N.J.

Schedule of Amount Due from/(to) State of New Jersey for Senior Citizens' and Veterans' Deductions - CH. 129 P.L. 1976

Current Fund

Year Ended June 30, 2009

Balance June 30, 2008		$ 164,952
Increased by:		
Senior Citizens' Deductions Per Tax Billing	$ 43,000	
Veterans' Deductions Per Tax Billing	159,500	
Senior Citizen's, Veteran's, and Disabled Allowed	4,250	
Transferred to Miscellaneous Revenue	47,438	
		254,188
		419,140
Decreased by:		
Senior Citizen Deductions Disallowed	6,368	
State Share of Senior Citizens and Veteran Deductions Received in Cash	212,390	
		218,758
Balance June 30, 2009		$ 200,382

Exhibit A-8

TOWN OF KEARNY, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended June 30, 2009

Year	Balance, June 30, 2008	Levy	Collected 2008	Collected 2009	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, June 30, 2009
2008	1,133,618	13,588		1,118,581		21,995		6,630
	1,133,618	13,588		1,118,581		21,995		6,630
2009		95,274,383	55,543	92,788,230	200,382	443,081		1,787,147
	$ 1,133,618	95,287,971	55,543	93,906,811	200,382	465,076		1,793,777

Analysis of Tax Levy

Tax yield:		
General Purpose Tax		$ 95,118,285
Added/Omitted Taxes		156,098
		$ 95,274,383
Tax Levy:		
Local District School Tax		$ 44,422,716
County Tax	$ 16,027,292	
County Added and Omitted Taxes	26,361	
		16,053,653
		60,476,369
Local Tax for Municipal Purposes	34,665,487	
Additional Taxes	132,527	
		34,798,014
		$ 95,274,383

Exhibit A-9

TOWN OF KEARNY, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended June 30, 2009

Balance June 30, 2008		$ 6,931,842
Increased by:		
Adjustment to Balances	$ 22,733	
Interest and Costs of Tax Sale	5,599	
Transfers from Taxes Receivable	465,076	
		493,408
Balance June 30, 2009		$ 7,425,250

Exhibit A-10

Schedule of Property Aquired for Taxes

Current Fund

Year Ended June 30, 2009

Balance June 30, 2008	$ 1,593,100
Balance June 30, 2009	$ 1,593,100

TOWN OF KEARNY, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended June 30, 2009

Source	Balance June 30, 2008	Accrued	Collected	Balance June 30, 2009
Clerk:				
Licenses:				
Alcoholic beverages	$	49,323	49,323	
Other		73,861	73,861	
Fees and Permits		172,724	172,724	
Construction Code Official:				
Fees and Permits		366,903	366,903	
Municipal Court:				
Fines and Costs	99,274	1,110,190	1,105,081	104,383
Interest and Costs on Taxes		295,869	295,869	
Parking Meters		264,317	264,317	
Interest on Investments and Deposits		208,067	208,067	
New Jersey Meadowlands Comm.		4,172,351	4,172,351	
Hartz Mountain Lease Agreement		122,736	122,736	
Kearny Municipal Utilities Authority Sludge Removal		860,000	860,000	
Consolidated Municipal Property Tax Relief Act		2,305,607	2,305,607	
Energy Receipts Tax		18,467,614	18,467,614	
Supplemental Energy Receipts Tax		848,652	848,652	
KUEZ Debt Service Kearny Ave Project		624,900	624,900	
Life Hazard Use Fees - Uniform Fire Safety Act		106,525	106,525	
New Jersey Meadowlands Comm.		157,875	157,875	
New Jersey Meadowlands Comm.-Host Community Fees		220,787	220,787	
General Capital Surplus		148,000	148,000	
PILOT Payments		60,391	60,391	
	$ 99,274	30,636,692	30,631,583	104,383

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

Current Fund

Year Ended June 30, 2009

	Balance, June 30, 2008	2009 Budget Revenue Realized	Collections	Transferred from Unappropriated Reserves	Canceled	Balance, June 30, 2009
New Jersey Transportation Trust Fund:						
Kearny Urban Enterprise Zone:						
Jacobus Avenue	476,270				476,270	
2004 Bullet Proof Vest Partnership	3,641		1,708		1,933	
Federal Recreation Trails Program	2,514		2,514			
FY 2006 Grants:						
U.S. Soccer Foundation Grant	100,000				100,000	
FY 05 Bullet Proof Vest	12,675					12,675
KUEZ - Marketing and Zone Promotion Phase II	75,828		75,828			
KUEZ - Business Development Revolving Loan	186,386		22,172			164,214
KUEZ - Kearny Ave Streetscape Extension	795,734		575,032		143,092	77,610
KUEZ - Zone Fire Engine - Custom Pumper	175,000					175,000
2006 Bullet Proof Vest	9,735					9,735
KUEZ - Administrative FY 08	202,827		168,859		33,968	
2007 Justice Assistance Grant	15,315					15,315
State Homeland Security Grant Program	16,000					16,000
Assistance to Firefighters Grant	37,782		37,782			
Homeland Security Grant	71,000		70,311			689
NJ Transit Grant	17,982		7,843		10,139	
Health Office on Aging Title III Older Americans	25,236		25,236			
Pandemic Flu Preparedness	9,417		9,330		87	
DCA-Recreation for Individuals with Disabilities	10,000		10,000			
Paris Grant	25,000				25,000	
NJMC Municipal Assistance	20,000		20,000			
Obey the Signs Pay the Fines	4,000		4,000			
Public Health Priority Funding	11,558		11,558			
UEZ Marketing and Zone Promotion	75,000		75,000			
UEZ Marketing and Zone Promotion	50,000		33,689			16,311
UEZ Kearny Ave Streetscape IV	13,600				13,600	
UEZ Business Development Revolving Loan	22,500					22,500
UEZ Zone Fire Engine Custom Pumper	35,000					35,000
Gates Foundation Opportunity Grant	3,250		1,950			1,300
UEZ Shopping Bus Year 1	107,345		42,109			65,236
UEZ Barszcewski Street Construction	125,125				125,125	
UEZ Kearny Ave Streetscape IV	193,500		138,099		55,401	
UEZ Marketing and Zone Promotion 2	48,000					48,000
UEZ Kearny Clean Project 2008	164,505		19,731			144,774
UEZ Public Safety Project - Year 1	99,998					99,998
Municipal Alliance	56,820		56,593		227	
NJDEP Wastewater Treatment Fund	1,252				1,252	
NJDEP 08 Green Communities Grant	3,000		3,000			
Municipal Assistance Program	100,000		100,000			
Body Armor Grant		11,414	11,414			
Bullet Proof Vest Grant		11,733				11,733
Veterans Field House Construction-2007		100,000				100,000
Veterans Field House Construction-2008		97,000				97,000
Library Reading Park Construction		50,000				50,000
Emergency Management Grant		10,000	10,000			
NJ Transit Grant		20,000	9,529			10,471
Tobacco Age of Enforcement		2,520	2,520			
Paris Grant		46,300	23,150			23,150

Exhibit A-12

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

Current Fund

Year Ended June 30, 2009

	Balance, June 30, 2008	2009 Budget Revenue Realized	Collections	Transferred from Unappropriated Reserves	Canceled	Balance, June 30, 2009
NJMC Housing Assistance		45,000	25,241			19,759
Over the Limit Under Arrest		5,000	5,000			
Public Health Priority Funding		11,599	11,599			
UEZ Administration		308,146			170,000	138,146
UEZ Jacobus Avenue Phase III		820,290				820,290
Downtown Revitalization Grant		26,300				26,300
Chemical Bufferzone Protection Program		1,219,310	110,943			1,108,367
Recycling Tonnage Grant		30,615	30,615			
Municipal Alliance		42,197	1,250			40,947
Technology Program Grant		93,530				93,530
Hazerdous Discharge Site Remediation		98,973	91,973		7,000	
Municipal Assistance Program		100,000	64,377			35,623
Office on Aging 2009		40,000	14,764			25,236
Clean Communities 2009		44,739	44,739			
Alcohol Education Rehabilitation Fund		603	603			
	$ 3,402,795	3,235,269	1,970,061		1,163,094	3,504,909

Town of Kearny

Schedule of Appropriation Reserves

Current Fund

Year Ended June 30, 2009

	Balance, June 30, 2008	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Salaries and Wages:				
Police	3,000	3,000		3,000
Buildings and Grounds			(49,086)	49,086
Salary and Wage Adjustment	500,000	500,000	500,000	
Other Expenses:				
Administrative	1,613	9,994	9,707	287
Mayor and Council	1,385	1,385	1,000	385
Clerk	5,142	7,142	1,408	5,734
Finance		7,205	7,085	120
Elections	3,954	3,954	1,412	2,542
Legal	355	355		355
Prosecutor	856	856		856
Audit Fees	7,950	84,700	84,300	400
Engineering	1,172	3,512		3,512
Publicity and Industrial Development	35	35		35
Assessment of Taxes	3,176	3,846	192	3,654
Collection of Taxes	573	1,608	532	1,076
Police	6,892	50,276	39,874	10,402
Fire	967	41,222	40,789	433
Emergency Management Services		2,356		2,356
Board of Health	2,967	4,069	698	3,371
Board of Health-Contractual Agreement	760	4,662	3,682	980
Meals on Wheels	284	284		284
Road Repairs and Maintenance	11,631	29,175	24,302	4,873
Shade Tree	2,702	6,915		6,915
Public Buildings and Grounds	3,331	37,104	35,876	1,228
Vehicle Maintenance	6,156	22,075	11,831	10,244
Unified Recreation Committee	4,875	10,752	9,323	1,429
Parking Lot Leasae Payment	43	43		43
Celebration of Public Events	3,850	11,665	7,810	3,855
Senior Citizen Center	827	827		827
Information Systems	1,444	73,840	63,915	9,925
Construction Code Enforcement	1,018	21,919	21,900	19
Zoning Commission	2,562	7,712	7,683	29
Board of Appeals	967	967	822	145
Planning Board	489	12,071	11,746	325
Electricity and Gas	33,617	34,382	34,382	
Street Lighting	53,103	54,303	54,303	
Communications	3,670	15,508	15,423	85
Block Parents Program	1,000	1,000		1,000
Fuel Oil	4,977	61,349	47,236	14,113
Postage	33	42		42

Town of Kearny

Schedule of Appropriation Reserves

Current Fund

Year Ended June 30, 2009

	Balance, June 30, 2008	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Bailer Fees	12,788	12,785	6,912	5,873
Contingent	2,000	2,000		2,000
Consolidated police and Firemans Retirement System	21	21		21
Unemployment Insurance	1,917	1,917	1,812	105
Municipal Court	467	467		467
Matching Funds for Grants	10,771	10,771		10,771
Maintenance of Public Library (Ch. 82 & 541, P.L. 1985) Contribution	50,959	211,378	211,378	
Life Insurance for Employees	191	191		191
Employee Hospitalization	75	75	(44,340)	44,415
Other Insurance	560	560		560
TOTAL	$ 757,125	1,372,275	1,163,907	208,368

Encumbrances	$ 615,150
Appropriation Reserves	757,125
	$ 1,372,275

Transferred to Reserve for Retroactive Pay	$ 500,000
Cash	663,907
	$ 1,163,907

Exhibit A-14

TOWN OF KEARNY, N.J.

Schedule of Reserve for Retroactive Pay

Current Fund

Year Ended December 31, 2009

Increased by:		
Budget Appropriation	$ 700,000	
Transferred from Appropriation Reserves	500,000	
		$ 1,200,000
Balance June 30, 2009		$ 1,200,000

Exhibit A-15

Schedule of Reserve for Library Expenditures

Current Fund

Year Ended June 30, 2009

Balance June 30, 2008	$ 77,224
Increased by:	
State Library Aid	41,083
	118,307
Decreased by:	
Library Aid Expenditures	35,313
Balance June 30, 2009	$ 82,994

Exhibit A-16

TOWN OF KEARNY, N.J.

Schedule of Tax Overpayments

Current Fund

Year Ended June 30, 2009

Balance June 30, 2008	$	21,487
Increased by:		
Collections		83,868
		105,355
Decreased by:		
Refunds		34,983
Balance June 30, 2009	$	70,372

Exhibit A-17

Schedule of Accounts Payable

Current Fund

Year Ended June 30, 2009

Balance June 30, 2008	$	38,661
Decreased by:		
Payments	$	38,661

Exhibit A-18

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Current Fund

Year Ended June 30, 2009

Fund	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Federal and State Grant Fund	$ 680,446	1,724,088	2,143,678	260,856
Other Trust Fund				
Other	102	522	624	
	$ 680,548	1,724,610	2,144,302	260,856

Analysis of Changes		
Grant Encumbrances	$ 781,436	
Interest	522	
Receipt		624
Grants Receivable		1,970,061
Grant expenditures	942,652	
Grants-Canceled, net		173,617
	$ 1,724,610	2,144,302

Exhibit A-19

TOWN OF KEARNY, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended June 30, 2009

Increased by:		
Levy	$ 16,027,292	
Added Assessments	26,361	
		$ 16,053,653
Decreased by:		
Payments		$ 16,053,653

Exhibit A-20

Schedule of Local District School Taxes Payable

Current Fund

Year Ended June 30, 2009

Increased by:	
Levy	$ 44,422,716
Decreased by:	
Payments	$ 44,422,716

Exhibit A-21

TOWN OF KEARNY, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended June 30, 2009

Balance June 30, 2008	$	55,543
Increased by:		
Collections		115,128
		170,671
Decreased by:		
Applied to 2009 Taxes Receivable		55,543
Balance June 30, 2009	$	115,128

Exhibit A-22

TOWN OF KEARNY, N.J.

Schedule of Due to State - DCA Fees

Current Fund

Year Ended June 30, 2009

Increased by:	
Collections	$ 24,257
Decreased by:	
Disbursements	24,256
Balance June 30, 2009	$ 1

Exhibit A-23

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Federal and State Grant Fund

Year Ended December 31, 2009

	Balance, June 30, 2008	Increase	Decrease	Balance, June 30, 2009
Current Fund	$ (680,446)	1,724,088	2,143,678	(260,856)
	$ (680,446)	1,724,088	2,143,678	(260,856)

Analysis of Changes

Encumbrances	$ 781,436	
Grants Receivable		1,970,061
Expenditures	942,652	
Grants-Canceled, net		173,617
	$ 1,724,088	2,143,678

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Year Ended June 30, 2009

Grant	Balance, June 30, 2008	2009 Grants Budgeted	Expenditures	Canceled	Balance, June 30, 2009
Kearny Urban Enterprise Zone:					
6 Jacobus Avenue	262,762			262,762	
2004 Bullet Proof Vest Fund	3,868			3,868	
U.S. Soccer Foundation Grant	100,000			100,000	
2005 Bullet Proof Vest	12,675		12,675		
2005 Bullet Proof Vest Local Match	12,675		12,675		
2006 Bullet Proof Vest	19,470		7,128	9,735	2,607
2006 Body Armor Grant	4,345				4,345
KUEZ - Marketing and Zone Promotion Phase II	55,344		32,339		23,005
KUEZ - Business Development Revolving Loan	172,407		(5,605)		178,012
KUEZ - Kearny Ave Streetscape Extension	14,667		(44,420)	59,087	
2007 Pandemic Influenza Preparedness Grant	250		250		
2007 Clean Communities	25,427		25,427		
KUEZ - Administrative FY 08	50,244		15,923	34,321	
2007 Justice Assistance Grant	15,315		2,143		13,172
Body Armor Grant	13,121				13,121
State Homeland Security Grant Program	16,000		14,400		1,600
Drunk Driving Enforcement Grant	41,675		23,591		18,084
Homeland Security Grant	71,000		70,311		689
Emergency Management Grant FY 07	10,000		2,407		7,593
Jersey Fresh	400		400		
NJ Transit Grant	15,477		5,051	10,426	
Health Office on Aging Title III Older Americans	32,618		32,618		
Pandemic Flu Preparedness	9,417		9,330	87	
DCA-Recreation for Individuals with Disabilities	12,000		12,000		
Paris Grant	50,000		25,000	25,000	
NJMC Municipal Assistance	20,000		20,000		
Obey the Signs Pay the Fines	4,000		4,000		
Clean Communites Grant	5,949		5,785		164
Public Health Priority Funding	11,558		11,558		
UEZ Marketing and Zone Promotion	31,670		31,670		
UEZ Business Development Revolving Loan	7,500		2,422		5,078
UEZ Zone Fire Engine Custom Pumper	14,318			14,318	
Gates Foundation Opportunity Grant	3,250		985		2,265
UEZ Shopping Bus Year 1	73,187				73,187
UEZ Barszcewski Street Construction	125,125			125,125	
UEZ Kearny Ave Streetscape IV	153,006			153,006	
UEZ Marketing and Zone Promotion 2	48,000		30,014		17,986
UEZ Kearny Clean Project 2008	161,274				161,274
UEZ Public Safety Project - Year 1	124,998				124,998
Recycling Tonnage Grant	9,112		9,048		64
Municipal Alliance	63,877		49,135	14,742	
NJDEP Wastewater Treatment Fund	61,432		61,432		
NJDEP 08 Green Communities Grant	1,500		1,500		
Body Armor Grant		11,414			11,414
Bullet Proof Vest Grant		11,733			11,733
Veterans Field House Construction-2007		100,000	20,775		79,225
Veterans Field House Construction-2008		97,000			97,000
Library Reading Park Construction		50,000			50,000
Emergency Management Grant		10,000			10,000
NJ Transit Grant		20,000	11,726		8,274

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Year Ended June 30, 2009

Grant	Balance, June 30, 2008	2009 Grants Budgeted	Expenditures	Canceled	Balance, June 30, 2009
Tobacco Age of Enforcement		2,520	2,520		
Paris Grant		46,300	10,917		35,383
NJMC Housing Assistance		45,000	25,241		19,759
Over the Limit Under Arrest		5,000	5,000		
Public Health Priority Funding		11,599	11,599		
UEZ Administration		308,146	136,013	170,000	2,133
UEZ Jacobus Avenue Phase III		820,290			820,290
Downtown Revitalization Grant		26,300	20,648		5,652
Chemical Bufferzone Protection Program		1,219,310	110,943		1,108,367
Recycling Tonnage Grant		30,615	12,094		18,521
Municipal Alliance		42,197	11,563		30,634
Technology Program Grant		93,530	86,853		6,677
Hazerdous Discharge Site Remediation		98,973	91,507	7,000	466
Municipal Assistance Program		100,000	100,000		
Office on Aging 2009		40,000	22,146		17,854
Clean Communities 2009		44,739			44,739
Alcohol Education Rehabilitation Fund		603			603
	$ 1,940,913	3,235,269	1,160,737	989,477	3,025,968

Budget Appropriations	$ 3,149,927	
Appropriations by 40a:4-87	85,342	
	$ 3,235,269	
Cash		$ 942,652
Encumbrances		218,085
		$ 1,160,737

Exhibit B-2

TOWN OF KEARNY, N.J.

Schedule of Cash

Trust Funds

Year Ended June 30, 2009

	Animal Trust Fund	Other Trust Fund	Self-Insurance Trust Fund
Balance - June 30, 2008	$ 13,722	4,259,882	859,818
Increased by Receipts:			
Reserve for Animal Trust Expenditures	27,586		
Community Development		554,005	
Interfunds		522	
Current Fund Appropriation	75,000		1,600,000
Amount Due to the State of New Jersey	3,376		
Other Trust Funds		2,038,047	
Refunds			107,961
Total Receipts	105,962	2,592,574	1,707,961
	119,684	6,852,456	2,567,779
Decreased by Disbursements:			
Reserve for Animal Trust Expenditures	97,088		
Interfunds		624	
Amount Due to the State of New Jersey	3,376		
Other Trust Funds		2,092,752	
Community Development		830,781	
Self-Insurance Liability			1,457,922
Total Disbursements	100,464	2,924,157	1,457,922
Balance - June 30, 2009	$ 19,220	3,928,299	1,109,857

Exhibit B-3

TOWN OF KEARNY, N.J.

Schedule of Assessments Receivable - Unpledged

Assessment Trust Fund

Year Ended June 30, 2009

Balance - June 30, 2008	$ 1,136
Balance - June 30, 2009	$ 1,136

Exhibit B-4

Schedule of Assessments Liens Receivable - Unpledged

Assessment Trust Fund

Year Ended June 30, 2009

Balance - June 30, 2008	$ 292
Balance - June 30, 2009	$ 292

Exhibit B-5

TOWN OF KEARNY, N.J.

Schedule of Due to State of New Jersey

Animal Trust Fund

Year Ended June 30, 2009

	Dog License Fees
Increased by:	
Dog License Fees	$ 3,376
Decreased by:	
Payments	$ 3,376

Exhibit B-6

TOWN OF KEARNY, N.J.

Schedule of Other Accounts Receivable

Other Trust Fund

Year Ended June 30, 2009

Balance - June 30, 2008	$ 47,443
Balance - June 30, 2009	$ 47,443

Exhibit B-7

TOWN OF KEARNY, N.J.

Schedule of Community Development Receivables

Other Trust Fund

Year Ended June 30, 2009

	Balance June 30, 2008	Awards	Receipts	Balance June 30, 2009
1998-	$			
Street Construction	13,759		13,759	
Facade Imp Program	28,016		28,016	
1999-				
Facade Imp Program	5,702		130	5,572
2003-				
Façade Imp Program	2,023			2,023
2004-				
Harvey Field House	65,055		65,055	
Street Reconstruction	83,676		83,676	
2005-				
Street Reconstruction	78,270		78,270	
Harvey Field House	20,420		20,420	
2007				
Harvey Field House-Bathroom	285,318		42,825	242,493
2008				
Harvey Field House-Bathroom		250,000	250,000	
Woodland Avenue Reconstruction		200,000		200,000
	$ 582,239	450,000	582,151	450,088
		Cash	554,005	
		Canceled	28,146	
			582,151	

Exhibit B-8

TOWN OF KEARNY, N.J.

Schedule of Reserve for Animal Trust Fund Expenditures

Animal Trust Fund

Year Ended June 30, 2009

Balance - June 30, 2008		$ 13,722
Increased by:		
Budget Appropriation	$ 75,000	
Animal License Fees	27,586	
		102,586
		116,308
Decreased by:		
Expenditures Under R.S. 4:19-15.11		97,088
Balance - June 30, 2009		$ 19,220

License fees collected

Year	Amount
2007	$ 12,133
2008	22,914
	$ 35,047

Exhibit B-9

TOWN OF KEARNY, N.J.

Schedule of Reserves

Other Trust Fund

Year Ended June 30, 2009

	Balance June 30, 2008	Increased	Decreased	Balance June 30, 2009
Recreation	$ 196,418	129,836	192,292	133,962
Swim Pool	49,436	755	45	50,146
Landfill Closure	398,474			398,474
Public Defender Files	2,390	4,184	6,111	463
Dedicated Fire Penalties	47,454	6,800	17,022	37,232
Special Deposits	36,237		41,923	(5,686)
Performance Deposits	231,489	41,923		273,412
Bond	101,700			101,700
DARE Program	8,700	3,546	4,587	7,659
Various Donations	31,600	21,250	6,990	45,860
Domestic Violence	1,500			1,500
Police Overtime	156,883	427,001	434,705	149,179
Miscellaneous	7,922			7,922
Escrow Deposits	216,263	264,397	255,754	224,906
Tax Title Lien Premiums	738,300	537,600	525,000	750,900
Recreation Umpire	2,920	27,165	27,975	2,110
Affordable Housing	562,370	36,154		598,524
POAA	99,849	17,664	37,786	79,727
Tax Collector Trust		558,982	558,112	870
Law Enforcement Trust Fund	15,789	2,204		17,993
Public Library Trust				
Donations - Reserved Principal	10,000			10,000
Donations - Unreserved Interest	450		444	6
Donations - Unreserved	1,300			1,300
DEA Fund	79,111	509	25,929	53,691
UDAG	1,033,892			1,033,892
	$ 4,030,447	2,079,970	2,134,675	3,975,742

Cash $	2,038,047	2,092,752
Exchange	41,923	41,923
$	2,079,970	2,134,675

Exhibit B-10

TOWN OF KEARNY, N.J.

Schedule of Reserve for Community Development Block Grants

Other Trust Fund

Year Ended June 30, 2009

	Balance June 30, 2008	Awards	Disbursements	Adjustments/ Canceled	Balance June 30, 2009
1998-					
Façade Imp Program	28,016			(28,016)	
Street Reconstruction	13,759		13,759.00		
1999-					
Community Police Site					
Façade Imp Program	5,702			(130)	5,572
2002-					
Street Reconstruction	67,159		67,159		
2003-					
Façade Imp Program	2,023				2,023
2004-					
Harvey Field House	65,055		65,055		
Street Reconstruction	103,757		103,757		
2005-					
Street Reconstruction	78,270		78,270		
Harvey Field House	20,420		20,420		
2006-					
Street Reconstruction	197,879		197,879		
2007-					
Harvey Field House-Bathroom	276,975		34,482		242,493
2008-					
Harvey Field House-Bathroom		250,000	250,000		
Woodland Avenue Reconstruction		200,000			200,000
	$ 859,015	450,000	830,781	(28,146)	450,088
	CDBG Expenditures		597,311		
	Transferred to Capital Fund		233,470		
			830,781		

Exhibit B-11

TOWN OF KEARNY, N.J.

Schedule of Reserve for Self-Insurance Trust Fund Expenditures

Self-Insurance Trust Fund

Year Ended June 30, 2009

Balance - June 30, 2008		859,818
Increased by:		
Budget Appropriations		
Current Fund	$ 1,600,000	
Interest on Investments		
Reimbursements	107,961	
		1,707,961
		2,567,779
Decreased by:		
Payment of Claims		1,457,922
Balance - June 30, 2009		$ 1,109,857

Exhibit B-12

TOWN OF KEARNY, N.J.

Schedule of Reserve for Assessments and Liens

Assessment Trust Fund

Year Ended June 30, 2009

Balance - June 30, 2008	$ 1,334
Balance - June 30, 2009	$ 1,334

Exhibit B-13

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Other Trust Fund

Year Ended June 30, 2009

Fund	Balance June 30, 2008	Increases	Decreases
Current Fund	(102)	522	624
	$ (102)	522	624
Due from	$		
Due (to)	(102)	522	624
	$ (102)	522	624

Analysis of Changes		
Receipts	$ 522	
Disbursements		624
	$ 522	624

Exhibit B-14

TOWN OF KEARNY, N.J.

Schedule of Intrafunds Due from/(to) Various Trust Funds

Other Trust Fund

Year Ended June 30, 2009

Fund	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Other Trust Fund:				
Affordable Housing Trust Fund	$ (11,710)		11,710	
Escrow Trust Fund	118,514			118,514
CDBG Trust Fund	284,124		284,124	
Public Library Trust Fund	(1,300)		1,300	
Affordable Housing Trust Fund:				
Other Trust Fund	11,710		11,710	
Escrow Trust Fund	98,357			98,357
Escrow Trust Fund:				
Other Trust Fund	(118,514)			(118,514)
Affordable Housing Trust Fund	(98,357)			(98,357)
CDBG Trust Fund:				
Other Trust Fund	(284,124)		284,124	
Public Library Trust Fund:				
Other Trust Fund	1,300		1,300	
	$		594,268	
Due from	$ 514,005		297,134	216,511
Due (to)	(514,005)		297,134	(216,511)
			594,268	

Analysis of Changes		
Exchange	$	594,268
	$	594,268

Exhibit C-2

TOWN OF KEARNY, N.J.

Schedule of Cash

General Capital Fund

Year Ended June 30, 2009

Balance, June 30, 2008		$ 1,714,590
Increased by Receipts:		
Grants	$ 838,344	
Loans	1,146,094	
Schedule of Reserves	2,027	
Capital Improvement Fund	100,000	
		2,086,465
		3,801,055
Decreased by Disbursements:		
Schedule of Reserves	1,077	
Revenue to Current Fund	148,000	
Improvement Authorizations	2,233,378	
Interfunds	500,000	
		2,882,455
Balance, June 30, 2009		$ 918,600

Exhibit C-3

TOWN OF KEARNY, N.J.

Analysis of Cash

General Capital Fund

Year Ended June 30, 2009

Reserve for Receivables		$ 310,000
Reserve for Payment of Notes		2,166,354
Due From Water Capital Fund		(500,000)
Capital Improvement Fund		129,599
Fund Balance		1,727
Department of Transportation Grants		(420,278)
Green Acres Grants		(500,000)
Hudson County Open Space Grants		(110,000)
N.J. Environmental Infrastructure Trust Loans Receivable		(858,918)
Improvement Authorizations:		
Ordinance Number	Improvement Description	
2001-51	Improvements to Kearny Avenue	937,009
2004-25	Improvements to Solids and Floatables Facility	(606,010)
2007-52	Various Capital Improvements	11,179
2008-28	Various Capital Improvements	159,545
2008-34	Various Road and Sewer Improvements	(83,729)
2008-35	Various Capital Improvements	(106,085)
2008-36	Multi-Park Improvements	500,000
2009-35	Acquisition of Salt Shed	90,000
2009-12	Various Capital Improvements	(201,793)
		$ 918,600

Exhibit C-4

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

General Capital Fund

Year Ended June 30, 2009

Ordinance Number	Description	Balance, June 30, 2008	Awarded	Reduced	Balance, June 30, 2009
	DOT Grants:				
2008-34	Various Road and Sewer Repairs		310,000		310,000
2007-03	Supplemental-Street Resurfacing Davis Avenue	110,278			110,278
		110,278	310,000		420,278
	Green Acres Grants:				
2006-08	Reconstruction of Bell Playground	8,154		8,154	
2006-09	Riverbank Skateboard Park	138,690		138,690	
2007-12	Improvement to Belgrove Playground	391,500		391,500	
2008-36	Multi-Park Improvements		500,000		500,000
		538,344	500,000	538,344	500,000
	Hudson County Open Space Grants:				
2007-12	Improvement to Belgrove Playground	300,000		300,000	
2007-30	Various Capital Improvements	110,000			110,000
		410,000		300,000	110,000

Exhibit C-5

TOWN OF KEARNY, N.J.

Schedule of Loans Receivable

General Capital Fund

Year Ended June 30, 2009

Ordinance Number	Description	Balance, June 30, 2008	Reduced	Balance, June 30, 2009
	Evironmental Infrastructure Loans:			
2002-59	Riverbank Park	$ 437,597		437,597
2004-25	Improvements to CSO Control Facilities	1,029,071	607,750	421,321
		1,466,668	607,750	858,918
	Green Acres Loans:			
2006-08	Reconstruction of Bell Playground	8,154	8,154	
2006-09	Riverbank Skateboard Park	138,690	138,690	
2007-12	Improvements to Belgrove Drive Playground	391,500	391,500	
		538,344	538,344	

Exhibit C-6

TOWN OF KEARNY, N.J.

Schedule of Deferred Charges to Future Taxation - Funded

General Capital Fund

Year Ended June 30, 2009

Balance, June 30, 2008		$ 61,114,071
Increased by:		
Green Acres Loans Issued		413,690
		61,527,761
Decreased by:		
Serial Bonds Paid by Current Year Budget Appropriations	$ 2,675,000	
N.J. Wastewater Loans Paid by Current Year Budget Appropriations	491,460	
Green Acres Loans Paid by Current Year Budget Appropriations	26,656	
		3,193,116
Balance, June 30, 2009		$ 58,334,645

Exhibit C-7

TOWN OF KEARNY, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended June 30, 2009

Ordinance Number	Improvement Description	Balance June 30, 2008	Authorizations	Funded	Balance June 30, 2009	Analysis of Balance - June 30, 2009: Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
	General improvements:							
2004-25	Improvements to Solids and Floatables Facilit	$ 1,777,477			1,777,477		606,010	1,171,467
2008-34	Various Road and Sewer Improvements		1,810,000		1,810,000		83,729	1,726,271
2008-35	Various Capital Improvements		950,000		950,000		106,085	843,915
2008-36	Multi-Park Improvements		500,000		500,000			500,000
2009-12	Various Capital Improvements		475,000		475,000		201,793	273,207
		$ 1,777,477	3,735,000		5,512,477		997,617	4,514,860
						Improvement Authorizations - Unfunded		4,514,860

Exhibit C-8

TOWN OF KEARNY, N.J.

Schedule of Interfund Due from/(to) Various Funds

General Capital Fund

Year Ended June 30, 2009

	Increases	Balance June 30, 2009
Water Utility Capital Fund	$ 500,000	500,000
	500,000	500,000

Exhibit C-9

TOWN OF KEARNY, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended June 30, 2009

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, June 30, 2009 Date	Amount	Interest Rate	Balance June 30, 2008	Decreased	Balance June 30, 2009
Refunding Bonds Series 2006A	Feb. 1, 2007	7,480,000	2/1/2010	1,065,000	4.500%	7,480,000		7,480,000
			2/1/2011	1,195,000	4.00%			
			2/1/2012	1,055,000	4.00%			
			2/1/2013	1,195,000	4.00%			
			2/1/2014	1,500,000	4.75%			
			2/1/2015	1,170,000	5.00%			
			2/1/2016	300,000	5.00%			
Refunding Bonds Series 2006B	Feb. 1, 2007	8,875,000	2/1/2010	210,000	4.980%	5,100,000		5,100,000
			2/1/2011	410,000	5.01%			
			2/1/2012	1,000,000	5.02%			
			2/1/2013	1,000,000	5.05%			
			2/1/2014	1,150,000	5.08%			
			2/1/2015	1,100,000	5.11%			
			2/1/2016	230,000	5.16%			
General Improvement Bonds	Jan. 1, 2008	10,305,000	1/15/2010	35,000	3.50%	10,305,000	25,000	10,280,000
			1/15/2011	45,000	3.50%			
			1/15/2012	55,000	3.50%			
			1/15/2013	65,000	3.50%			
			1/15/2014	75,000	3.50%			
			1/15/2015	650,000	3.50%			
			1/15/2016	650,000	3.50%			
			1/15/2017	1,200,000	3.50%			
			1/15/2018	1,825,000	5.25%			
			1/15/2019	1,900,000	4.00%			
			1/15/2020	1,950,000	4.00%			
			1/15/2021	1,830,000	4.00%			
						$ 50,319,000	2,675,000	47,644,000

Exhibit C-9

TOWN OF KEARNY, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended June 30, 2009

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, June 30, 2009 Date	Amount	Interest Rate	Balance June 30, 2008	Decreased	Balance June 30, 2009
Refunding Bonds	July 1, 1997	$ 13,400,000				2,535,000	2,535,000	
General Improvements	Jan. 15, 2003	13,844,000	1/15/2010	1,500,000	3.875%	12,534,000		12,534,000
			1/15/2011	1,600,000	4.00%			
			1/15/2012	1,700,000	4.00%			
			1/15/2013	1,800,000	4.00%			
			1/15/2014	1,900,000	4.00%			
			1/15/2015	2,000,000	4.10%			
			1/15/2016	2,034,000	4.15%			
Refunding Bonds Series 2003A	Jan. 15, 2003	14,140,000	1/15/2010	1,320,000	3.40%	4,865,000	115,000	4,750,000
			1/15/2011	990,000	3.50%			
			1/15/2012	780,000	3.85%			
			1/15/2013	670,000	4.00%			
			1/15/2014	255,000	4.00%			
			1/15/2015	135,000	4.125%			
			1/15/2016	600,000	4.25%			
Refunding Bonds Series 2003B	Jan. 15, 2003	8,875,000	1/15/2010	685,000	4.40%	7,500,000		7,500,000
			1/15/2011	780,000	4.70%			
			1/15/2012	640,000	5.04%			
			1/15/2013	730,000	5.00%			
			1/15/2014	825,000	5.10%			
			1/15/2015	935,000	5.20%			
			1/15/2016	1,050,000	5.25%			
			1/15/2017	1,175,000	5.35%			
			2/01/21	680,000	5.80%			

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

General Capital Fund

Year Ended June 30, 2009

	Original Issue		Maturities of Loans Outstanding, June 30, 2009		Interest	Balance		Balance
	Date	Amount	Date	Amount	Rate	June 30, 2008	Decreased	June 30, 2009
Trust Share	11/05/98	$ 1,575,000	08/01/09	80,000	4.25%	$ 1,060,000	75,000	985,000
			08/01/10	85,000	4.25%			
			08/01/11	85,000	4.25%			
			08/01/12	90,000	4.50%			
			08/01/13	95,000	4.50%			
			08/01/14	100,000	4.50%			
			08/01/15	105,000	4.50%			
			08/01/16	110,000	4.50%			
			08/01/17	115,000	4.50%			
			08/01/18	120,000	4.50%			
Trust Share	11/04/04	$ 1,025,000	08/01/09	40,000	5.00%	955,000	40,000	915,000
			08/01/10	40,000	5.00%			
			08/01/11	45,000	5.00%			
			08/01/12	45,000	5.00%			
			08/01/13	50,000	5.00%			
			08/01/14	50,000	5.00%			
			08/01/15	55,000	4.00%			
			08/01/16	55,000	4.00%			
			08/01/17	55,000	4.00%			
			08/01/18	60,000	5.00%			
			08/01/19	60,000	5.00%			
			08/01/20	65,000	5.00%			
			08/01/21	70,000	5.00%			
			08/01/22	70,000	5.00%			
			08/01/23	75,000	5.00%			
			08/01/24	80,000	4.25%			
Trust Share	11/08/07	$ 1,255,000	8/1/2009-10	45,000	5.00%	1,255,000		1,255,000
			08/01/11	50,000	5.00%			
			08/01/12	50,000	3.40%			
			08/01/13	50,000	3.50%			
			08/01/14	55,000	3.60%			
			08/01/15	55,000	5.00%			
			8/1/2016-17	60,000	5.00%			
			08/01/18	65,000	5.00%			
			08/01/19	65,000	4.00%			
			08/01/20	70,000	4.00%			
			8/1/2021-22	75,000	5.00%			
			08/01/23	80,000	4.25%			
			8/1/2024-25	85,000	4.50%			
			08/01/26	90,000	4.50%			
			08/01/27	95,000	4.25%			

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

General Capital Fund

Year Ended June 30, 2009

	Original Issue		Maturities of Loans Outstanding, June 30, 2009		Interest	Balance		Balance
	Date	Amount	Date	Amount	Rate	June 30, 2008	Decreased	June 30, 2009
Fund Share	11/05/98	$ 1,507,371	08/01/09	79,248	*	869,484	78,209	791,275
			08/01/10	80,081	*			
			08/01/11	77,607	*			
			08/01/12	78,294	*			
			08/01/13	78,835	*			
			08/01/14	79,232	*			
			08/01/15	79,482	*			
			08/01/16	79,587	*			
			08/01/17	79,547	*			
			08/01/18	79,362	*			
Fund Share	11/04/04	$ 3,047,070	08/01/09	155,586	*	2,619,120	159,376	2,459,744
			08/01/10	151,795	*			
			08/01/11	157,244	*			
			08/01/12	152,980	*			
			08/01/13	157,955	*			
			08/01/14	153,690	*			
			08/01/15	159,186	*			
			08/01/16	155,017	*			
			08/01/17	150,326	*			
			08/01/18	154,353	*			
			08/01/19	148,668	*			
			08/01/20	152,221	*			
			08/01/21	155,302	*			
			08/01/22	148,668	*			
			08/01/23	151,807	*			
			08/01/24	154,946	*			

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

General Capital Fund

Year Ended June 30, 2009

	Original Issue		Maturities of Loans Outstanding, June 30, 2009		Interest	Balance		Balance
	Date	Amount	Date	Amount	Rate	June 30, 2008	Decreased	June 30, 2009
Fund Share	11/08/07	3,623,250	08/01/09	137,081	*	3,623,250	138,875	3,484,375
			02/01/10	50,743	*			
			08/01/10	134,975	*			
			02/01/11	48,637	*			
			08/01/11	142,228	*			
			02/01/12	46,297	*			
			08/01/12	139,889	*			
			02/01/13	44,706	*			
			08/01/13	138,298	*			
			02/01/14	43,068	*			
			08/01/14	146,019	*			
			02/01/15	41,215	*			
			08/01/15	144,166	*			
			02/01/16	38,642	*			
			08/01/16	150,951	*			
			02/01/17	35,834	*			
			08/01/17	148,143	*			
			02/01/18	33,026	*			
			08/01/18	154,695	*			
			02/01/19	29,984	*			
			08/01/19	151,653	*			
			02/01/20	27,551	*			
			08/01/20	158,579	*			
			02/01/21	24,930	*			
			08/01/21	165,317	*			
			02/01/22	21,421	*			
			08/01/22	161,808	*			
			02/01/23	17,911	*			
			08/01/23	167,657	*			
			02/01/24	14,729	*			
			08/01/24	173,834	*			
			02/01/25	11,149	*			
			08/01/25	170,254	*			
			02/01/26	7,569	*			
			08/01/26	176,034	*			
			02/01/27	3,779	*			
			08/01/27	181,603	*			
						$ 10,381,854	491,460	9,890,394

* Interest Free

TOWN OF KEARNY, N.J.

Schedule of Green Acres Trust Loans Payable

General Capital Fund

Year Ended June 30, 2009

Purpose	Original Issue	Maturities of Loans Outstanding, June 30, 2009 Date	Amount	Interest Rate	Balance June 30, 2008	Increased	Decreased	Balance June 30, 2009
F. J. Vincent Marina	$ 73,725	08/07/09	$ 2,159	2.00%	$ 17,540		4,254	13,286
		02/07/10	2,181					
		08/07/10	2,203					
		02/07/11	2,225					
		08/07/11	2,248					
		02/07/12	2,270					
Harvey Field	235,731	07/11/09	5,603	2.00%	183,711		11,039	172,672
		01/11/10	5,659					
		07/11/10	5,715					
		01/11/11	5,772					
		07/11/11	5,830					
		01/11/12	5,888					
		07/11/12	5,947					
		01/11/13	6,007					
		07/11/13	6,067					
		01/11/14	6,127					
		07/11/14	6,189					
		01/11/15	6,251					
		07/11/15	6,313					
		01/11/16	6,376					
		07/11/16	6,440					
		01/11/17	6,504					
		07/11/17	6,569					
		01/11/18	6,635					
		07/11/18	6,701					
		01/11/19	6,766					
		07/11/19	6,836					
		01/11/20	6,904					
		07/11/20	6,974					
		01/11/21	7,043					
		07/11/21	7,114					
		01/11/22	7,185					
		07/11/22	7,257					
Riverbank Park	$ 250,000	08/28/09	5,767	2.00%	211,966		11,363	200,603
		02/28/10	5,824					
		08/28/10	5,883					
		02/28/11	5,942					
		08/28/11	6,001					
		02/28/12	6,061					
		08/28/12	6,122					
		02/28/13	6,183					
		08/28/13	6,245					
		02/28/14	6,307					
		08/28/14	6,370					
		02/28/15	6,434					
		08/28/15	6,498					
		02/28/16	6,563					
		08/28/16	6,629					
		02/28/17	6,695					
		08/28/17	6,762					
		02/28/18	6,830					
		08/28/18	6,898					
		02/28/19	6,967					
		08/28/19	7,037					
		02/28/20	7,107					
		08/28/20	7,178					
		02/28/21	7,250					
		08/28/21	7,322					
		02/28/22	7,396					
		08/28/22	7,469					
		02/28/23	7,544					
		08/28/23	7,620					
		02/28/24	7,698					

TOWN OF KEARNY, N.J.

Schedule of Green Acres Trust Loans Payable

General Capital Fund

Year Ended June 30, 2009

Purpose	Original Issue	Maturities of Loans Outstanding, June 30, 2009 Date	Amount	Interest Rate	Balance June 30, 2008	Increased	Decreased	Balance June 30, 2009
Bell Playground	275,000	07/09/09	6,179	2.00%		275,000		275,000
		01/09/10	6,240					
		07/09/10	6,303					
		01/09/11	6,366					
		07/09/11	6,430					
		01/09/12	6,494					
		07/09/12	6,559					
		01/09/13	6,624					
		07/09/13	6,691					
		01/09/14	6,758					
		07/09/14	6,825					
		01/09/15	6,893					
		07/09/15	6,962					
		01/09/16	7,032					
		07/09/16	7,102					
		01/09/17	7,173					
		07/09/17	7,245					
		01/09/18	7,317					
		07/09/18	7,391					
		01/09/19	7,465					
		07/09/19	7,539					
		01/09/20	7,615					
		07/09/20	7,691					
		01/09/21	7,768					
		07/09/21	7,845					
		01/09/22	7,924					
		07/09/22	8,003					
		01/09/23	8,083					
		07/09/23	8,164					
		01/09/24	8,246					
		07/09/24	8,328					
		01/09/25	8,411					
		07/09/25	8,495					
		01/09/26	8,580					
		07/09/26	8,666					
		01/09/27	8,753					
		07/09/27	8,840					

TOWN OF KEARNY, N.J.

Schedule of Green Acres Trust Loans Payable

General Capital Fund

Year Ended June 30, 2009

Purpose	Original Issue	Maturities of Loans Outstanding, June 30, 2009 Date	Amount	Interest Rate	Balance June 30, 2008	Increased	Decreased	Balance June 30, 2009
Gunnel Oval Skateboard Park	138,690	11/26/09	3,556			138,690		138,690
		05/26/10	3,556					
		11/26/10	3,556					
		05/26/11	3,556					
		11/26/11	3,556					
		05/26/12	3,556					
		11/26/12	3,556					
		05/26/13	3,556					
		11/26/13	3,556					
		05/26/14	3,556					
		11/26/14	3,556					
		05/26/15	3,556					
		11/26/15	3,556					
		05/26/16	3,556					
		11/26/16	3,556					
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		11/26/24	3,556					
		05/26/25	3,556					
		11/26/25	3,556					
		05/26/26	3,556					
		11/26/26	3,556					
		05/26/27	3,556					
		11/26/27	3,556					
		05/26/28	3,556					
		11/26/28	3,560					
					$ 413,217	413,690	26,656	800,251

Exhibit C-12

TOWN OF KEARNY, N.J.

Schedule of Reserve for Receivables

General Capital Fund

Year Ended June 30, 2009

Balance, June 30, 2008	$ 1,376,688
Increases by:	
Grant Awarded Ord. 2008-34	310,000
	1,686,688
Decreased by:	
Transferred to Reserve for Debt	1,376,688
Balance, June 30, 2009	310,000
Analysis of Balance:	
Department of Transportation Grant	310,000
	$ 310,000

Exhibit C-13

TOWN OF KEARNY, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended June 30, 2009

Ordinance Number	Improvement Description	Ordinance Amount	Balance June 30, 2008 Funded	Balance June 30, 2008 Unfunded	Authorizations	Paid or Charged	Canceled	Balance June 30, 2009 Funded	Balance June 30, 2009 Unfunded
	General Improvements:								
2001-51	Improvements to Kearny Avenue	3,000,000	937,009					937,009	
2002-10	Various Capital Improvements	2,550,000	90,000				(90,000)		
2004-25	Improvements to Solids and Floatables Facility	11,000,000		1,269,599		98,132			1,171,467
2006-09	Riverbank Skateboard Park	277,380	108,818			108,818			
2006-37	Recreation Facility Lighting	222,000	185,305			185,305			
2006-63	Various Road and Sewer Improvements	1,000,000	28,370			28,370			
2007-03	Supplemental-Street Resurfacing Davis Avenue	300,000	244,145			244,145			
2007-12	Improvement to Belgrove Drive Playground	1,083,000	342,943			342,943			
2007-52	Various Capital Improvements	202,724	18,592			7,413		11,179	
2008-03	Acquisition of Equipment	106,896	41,392			41,361	31		
2008-28	Various Capital Improvements	1,305,000	870,847			710,284	1,018	159,545	
2009-35	Acquisition of a Salt Shed	90,000					90,000	90,000	
2008-34	Various Road and Sewer Improvements	1,810,000			1,810,000	83,729			1,726,271
2008-35	Various Capital Improvements	1,000,000			1,000,000	156,085			843,915
2008-36	Multi-Park Improvements	1,000,000			1,000,000			500,000	500,000
2009-12	Various Capital Improvements	500,000			500,000	226,793			273,207
			$ 2,867,421	1,269,599	4,310,000	2,233,378	1,049	1,697,733	4,514,860

Deferred Charges Unfunded	3,735,000
Capital Improvement Fund	75,000
Grants	500,000
	4,310,000

Exhibit C-14

TOWN OF KEARNY, N.J.

Schedule of Reserves

General Capital Fund

Year Ended June 30, 2009

	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Reserve for:				
Payment of Debt	$ 788,458	1,377,896		2,166,354
Green Trust	258	819	1,077	
	$ 788,716	1,378,715	1,077	2,166,354
Cash		2,027	1,077	
Reserve for Receivables		1,376,688		
		1,378,715	1,077	

Exhibit C-15

TOWN OF KEARNY, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended June 30, 2009

Balance, June 30, 2008	$	104,599
Increased by:		
Budget appropriation		100,000
		204,599
Decreased by:		
Appropriated		75,000
Balance, June 30, 2009	$	129,599

Exhibit C-16

TOWN OF KEARNY, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended June 30, 2009

Ordinance Number	Improvement Description	Balance June 30, 2008	Authorizations	Balance June 30, 2009
	General Improvements:			
2004-25	Improvements to Solids and Floatables Facility	1,777,477		1,777,477
2008-34	Various Road and Sewer Improvements		1,810,000	1,810,000
2008-35	Various Capital Improvements		950,000	950,000
2008-36	Multi-Park Improvements		500,000	500,000
2009-12	Various Capital Improvements		475,000	475,000
		$ 1,777,477	3,735,000	5,512,477

Exhibit D-5

TOWN OF KEARNY, N.J.

Schedule of Cash - Treasurer

Water Utility Fund

Year ended June 30, 2009

	Operating	Capital
Balance, June 30, 2008	$ 532,461	1,611,121
Increased by Receipts:		
Water Collector	5,431,648	
Capital Improvement Fund		25,000
Interfunds		500,000
	5,431,648	525,000
	5,964,109	2,136,121
Decreased by Disbursements:		
2009 Appropriations	5,280,475	
2008 Appropriation Reserves	29,578	
Interest on Bonds and Notes	330,356	
Improvement Authorizations		2,062,711
	5,640,409	2,062,711
Balance, June 30, 2009	$ 323,700	73,410

Exhibit D-6

TOWN OF KEARNY, N.J.

Analysis of Cash

Water Utility Capital Fund

June 30, 2009

		Balance, June 30, 2009
Capital Improvement Fund		$ 57,750
Capital fund Balance		8,747
Due to General Capital Fund		500,000
Improvement Authorizations:		
Ordinance number	General improvements	
2008-32	Various Water Utility Improvements	(615,779)
2008-33	Acquisition and Installation of Meters	(143,051)
2008-50	Various Water Utility Improvements	(953)
2007-31	Various Water Utility Improvements	18,852
2207-50	Various Water Utility Improvements	247,844
		$ 73,410

Exhibit D-7

TOWN OF KEARNY, N.J.

Due from East Orange Water Commission

Water Utility Fund

Year ended June 30, 2009

Balance, June 30, 2008	$ 352,614
Decreased by:	
Raised in Budget	88,154
Balance, June 30, 2009	$ 264,460

Exhibit D-8

TOWN OF KEARNY, N.J.

Schedule of Consumers' Accounts Receivable - Operating Fund

Water Utility Fund

Year ended June 30, 2009

Balance, June 30, 2008		$ 677,672
Increased by:		
2009 Levy		4,956,729
		5,634,401
Decreased by:		
Cash receipts	$ 4,961,629	
Transferred to Municipal Liens	37,804	
		4,999,433
Balance, June 30, 2009		$ 634,968

Exhibit D-9

TOWN OF KEARNY, N.J.

Schedule of Municipal Liens

Water Utility Fund

Year ended June 30, 2009

Increased by:	
2009 Tax Sale	$ 37,804
Balance, June 30, 2009	$ 37,804

Exhibit D-10

Schedule of Fixed Capital

Water Utility Capital Fund

Year ended June 30, 2009

Account	Balance, June 30, 2008	Added	Balance, June 30, 2009
Mains and Accessories	$ 8,755,411		$ 8,755,411
Wanaque Project	4,466,891		4,466,891
Ramapo Project	615,103		615,103
General	5,289,670		5,289,670
Acquisition of Vehicles	300,000		300,000
Acquisition of Water Meters	2,719,310		2,719,310
	$ 22,146,385		$ 22,146,385

Exhibit D-11

TOWN OF KEARNY, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year ended June 30, 2009

Ordinance number	Improvement description	Ordinance Date	Ordinance Amount	Authorized in 2009	Balance, June 30, 2009
2008-32	Various Water Utility Improvements	Sept. 9, 2008	1,500,000	$ 1,500,000	1,500,000
2008-33	Acquisition and Installation of Water Meter:	Sept. 9, 2008	1,500,000	1,500,000	1,500,000
2008-50	Various Water Utility Improvements	Dec. 16, 2008	1,300,000	1,300,000	1,300,000
				$ 4,300,000	4,300,000

Exhibit D-12

TOWN OF KEARNY, N.J.

Schedule of 2008 Appropriation Reserves

Water Utility Fund

Year ended June 30, 2009

	Balance, June 30, 2008	Balance after transfers and encumbrances	Paid or charged	Balance Lapsed
Operating:				
Salaries and Wages	$ 619	619		619
Other Expenses	7,105	32,820	29,578	3,242
Statutory Expenditures:				
Social Security	212	212		212
	$ 7,936	33,651	29,578	4,073

Exhibit D-13

TOWN OF KEARNY, N.J.

Schedule of Accrued Interest on Bonds and Notes

Water Utility Fund

Year ended June 30, 2009

Balance, June 30, 2008	$ 31,150
Increased by:	
Budget Appropriation	432,000
	463,150
Decreased by:	
Payments	330,356
Balance, June 30, 2009	$ 132,794

Analysis of Balance

Principal Outstanding June 30, 2009	Period	Interest Rate	Required Amount
$ 30,000	15 days	7.200%	$ 90
325,000	1 month	5.100%	1,381
933,000	5 1/2 months	5.250%	22,450
175,000	5 1/2 months	3.875%	3,108
5,950,000	5 1/2 months	Various	105,764
			$ 132,794

Exhibit D-14

TOWN OF KEARNY, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year ended June 30, 2009

Ordinance number	Improvement description	Ordinance Date	Ordinance Amount	Balance, June 30, 2008 Funded	Balance, June 30, 2008 Unfunded	2009 Authorizations	Expended	Balance, June. 30, 2009 Funded	Balance, June. 30, 2009 Unfunded
2007-31	Various Water Utility Improvements	June 26, 2007	1,025,000	49,171			30,319	18,852	
2007-50	Various Water Utility Improvements	Sept. 25, 2007	1,025,000	941,231			693,387	247,844	
2007-53	Various Water Utility Improvements	Sept. 25, 2007	1,250,000	579,222			579,222		
2008-32	Various Water Utility Improvements	Sept. 9, 2008	1,500,000			1,500,000	615,779		884,221
2008-33	Acquisition and Installation of Meters	Sept. 9, 2008	1,500,000			1,500,000	143,051		1,356,949
2008-50	Various Water Utility Improvements	Dec. 16, 2008	1,300,000			1,300,000	953		1,299,047
				$ 1,569,624		4,300,000	2,062,711	266,696	3,540,217

Exhibit D-15

TOWN OF KEARNY, N.J.

Schedule of Capital Improvement Fund

Water Utility Capital Fund

Year ended June 30, 2009

Balance, June 30, 2008	$ 32,750
Increased by:	
Budget Appropriation	25,000
Balance, June 30, 2009	$ 57,750

Exhibit D-16

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year ended June 30, 2009

Balance, June 30, 2008	$ 14,553,385
Increased by:	
Payment of Serial Bond Principal	230,000
Balance, June 30, 2009	$ 14,783,385

Exhibit D-17

TOWN OF KEARNY, N.J.

Schedule of Water Utility Serial Bonds

Water Utility Capital Fund

Year ended June 30, 2009

Purpose	Date of issue	Original issue	Maturities of bonds outstanding, June 30, 2009 Date	Amount	Interest rate	Balance, June 30, 2008	Decreased	Balance, June 30, 2009
Water Improvements	December 15, 1989	490,000	December 15, 2009	30,000	7.20%	$ 60,000	30,000	30,000
Water Bond Series 1997	November 15, 1997	735,000	August 1, 2009-15	40,000	5.10%	365,000	40,000	325,000
			August 1, 2016	45,000				
Acquisition of Water Meters	January 15, 2003	1,463,000	January 15, 2010	120,000	5.25%	1,043,000	110,000	933,000
			January 15, 2011-13	120,000	5.40%			
			January 15, 2014-15	150,000	5.40%			
			January 15, 2016	153,000	5.50%			
Acquistion of Vehicles	January 15, 2003	300,000	January 15, 2010-14	25,000	4.00%	200,000	25,000	175,000
			January 15, 2015	25,000	4.10%			
			January 15, 2016	25,000	4.15%			
Water Improvements	January 15, 2008	5,925,000	January 15, 2010	35,000	3.50%	5,925,000	25,000	5,900,000
			January 15, 2011	95,000	3.50%			
			January 15, 2012	115,000	3.50%			
			January 15, 2013	135,000	3.50%			
			January 15, 2014	125,000	3.50%			
			January 15, 2015	135,000	3.50%			
			January 15, 2016	150,000	3.50%			
			January 15, 2017	350,000	3.50%			
			January 15, 2018	400,000	5.25%			
			January 15, 2019	425,000	4.00%			
			January 15, 2020	450,000	4.00%			
			January 15, 2021	475,000	4.00%			
			January 15, 2022 - 26	500,000	4.00%			
			January 15, 2027	510,000	4.00%			
						$ 7,593,000	230,000	7,363,000

Exhibit D-18

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Water Utility Capital Fund

Year ended June 30, 2009

	Increased	Balance, June 30, 2009
General Capital Fund	500,000	500,000
	500,000	500,000

Exhibit D-19

TOWN OF KEARNY, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Year ended June 30, 2009

Ordinance Number	Improvement Description	Authorized	Issued	Balance, June 30, 2009
2008-32	Various Water Utility Improvements	$ 1,500,000		1,500,000
2008-33	Acquisition and Installation of Meters	1,500,000		1,500,000
2008-50	Various Water Utility Improvements	1,300,000		1,300,000
		$ 4,300,000		4,300,000

Exhibit E-1

TOWN OF KEARNY, N.J.

Schedule of Cash

Public Assistance Trust Fund

Year Ended June 30, 2009

Balance June 30, 2008	$	13,285
Increased by:		
Current Fund - Budget Appropriation		5,000
		18,285
Decreased by;		
Emergency Assistance		405
Balance June 30, 2009	$	17,880

Exhibit E-2

Schedule of Amount Due from Current Fund

Public Assistance Fund

Year Ended June 30, 2009

Balance June 30, 2008	$	16
Decreased by:		
Canceled	$	16

Exhibit E-3

TOWN OF KEARNY, N.J.

Reserve for Public Assistance Expenditures

Public Assistance Trust Fund

Year Ended June 30, 2009

Balance June 30, 2008		$ 13,301
Increased by:		
Current Fund - Budget Appropriation		5,000
		18,301
Decreased by;		
Interfund Canceled	$ 16	
Emergency Assistance	405	
		421
Balance June 30, 2009		$ 17,880

TOWN OF KEARNY

Letters on Compliance and on Internal Control

General Comments and Recommendations

Year ended June 30, 2009

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

Honorable Mayor and
Members of the Town Council
Town of Kearny
County of Hudson, New Jersey

We have audited the financial statements-regulatory basis of the Town of Kearny in the County of Hudson as of and for the year ended June 30, 2009, and have issued our report thereon dated December 22, 2009. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Town of Kearny prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Kearny's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have reported to the management of the Town of Kearny in the accompanying schedule of findings and questioned costs and the accompanying comments and recommendations section of this report.

This report is intended solely for the information of management, The Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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.

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CRO0413

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

December 22, 2009

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AND STATE PROGRAM AND INTERNAL CONTROL WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04 AS AMENDED

Honorable Mayor and
Members of the Town Council
Town of Kearny
County of Hudson, New Jersey

Compliance

We have audited the compliance of the Town of Kearny, County of Hudson, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended June 30, 2009. The Town of Kearny's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Town of Kearny's management. Our responsibility is to express an opinion on the Town of Kearny's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; and the provisions of the New Jersey State Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Those standards and OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal and state programs occurred. An audit includes examining, on a test basis, evidence about the Town of Kearny's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Kearny's compliance with those requirements.

In our opinion, the Town of Kearny complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2009.

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Internal Control Over Compliance

The management of the Town of Kearny is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Town of Kearny's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Kearny's internal control over compliance.

A *control deficiency* is an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. The Town of Kearny's responses to the findings identified in out audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Kearny's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of management, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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.

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

December 22, 2009

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Schedule 1

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Program	CFDA number	Grant period	Award Amount	Balance at June 30, 2008	Cash Received	Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2009	MEMO Cumulative Total Expenditures
Federal and State Grant Fund:									
U.S. Department of Justice:									
Homeland Security	97.073	2003-04	125,000	(100,000)				(100,000)	125,000
Homeland Security	97.073	2007-08	71,000		70,311	70,311			70,311
									39,990
				(100,000)	70,311	70,311		(100,000)	235,301
Federal Emergency Management Agency:									
Emergency Management Assistance		2003-04	4,000	(4,000)				(4,000)	
Recreation Trails Program	20.219	2004-05	25,000	7,486	2,514			10,000	26,092
				3,486	2,514			6,000	26,092
Total Federal and State Grant Fund				(96,514)	72,825	70,311		(94,000)	261,393
Other Trust Fund:									
Department of Housing and Urban Development (passed through County of Hudson):									
Community Development Block Grant:									
1998-									
Street Reconstruction	14.219		718	718	41,775	13,759	(28,734)		
1999-									
Street Reconstruction	14.219		3,989	3,989	130		(4,119)		
2002-									
Street Reconstruction	14.209		350,000	67,159		67,159			349,640
2003-									
Façade Improvement Program	14.209		50,000						47,977
2004-									
Harvey Field House	14.219		65,055		65,055	65,055			65,055
Street Reconstruction	14.219		235,000	15,374	83,676	103,757	4,707		235,000

Schedule 1

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Program	CFDA number	Grant period	Award Amount	Balance at June 30, 2008	Cash Received	Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2009	MEMO Cumulative Total Expenditures
2005-									
Street Reconstruction	14.219		78,270		78,270	78,270			78,270
Harvey Field House	14.219		20,420		20,420	20,420			20,420
2006-									
Street Reconstruction	14.219		300,000	197,879		197,879			300,000
2007-									
Harvey Field House-Bathroom	14.219		300,000	(8,343)	42,825	34,482			57,507
2008-									
Harvey Field House-Bathroom	14.219		250,000		250,000	250,000			250,000
Woodland Avenue Reconstruction	14.219		200,000						
Total Trust Funds				276,776	582,151	830,781	(28,146)		1,403,869
Total Federal Awards				$ 180,262	654,976	901,092	(28,146)	(94,000)	1,665,262

Note: See accompanying notes to schedules of expenditures of federal and state awards.

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2009

	Grant number	Grant period	Award Amount	Balance June 30, 2008	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2009	MEMO Cumulative Total Expenditures
Federal and State Grant Fund:										
Department of Commerce & Economic Development:										
Urban Enterprise Zone Program:										
2001 Administraton	2830-763-250120-50	$ 1999-01	286,968	116,091					116,091 *	286,968
2003 Administration	2830-763-250120-50	2002-03	206,986						*	170,259
2004 Administration	2830-763-250120-50	2003-04	246,996						*	168,286
2005 Administration	2830-763-250120-50	2004-05	278,898						*	184,843
2006 Administration	2830-763-250120-50	2005-06	285,051	(184,852)					(184,852) *	184,852
2007 Administration	2830-763-250120-50	2006-07	407,342	54,527	168,859	15,923		(353)	207,110 *	149,988
2008 Administration	2830-763-250120-50	2007-08	138,146			136,013			(136,013) *	136,013
Public Relations and Marketing:									*	
Fiscal Year 2003	2830-763-250120-50	2002-03	150,000						*	100,141
Police Grant-2002	2830-763-250120-50	2001-02	56,279						*	
Business Development Revolving Loan	2830-763-250120-50	2001-02		9,241					9,241 *	309,828
Business Development Revolving Loan	2830-763-250120-50	2006-07	300,000	(13,979)	22,172	(5,605)			13,798 *	121,988
Business Development Revolving Loan	2830-763-250120-50	2007-08	22,500	(15,000)		2,422			(17,422) *	17,422
Marketing and Promotion Strategy	2830-763-250120-50								*	
Marketing and Promotion Strategy - Phase II	2830-763-250120-50	2006-07	280,000	(20,484)	75,828	32,339			23,005 *	256,995
Marketing and Promotion Strategy	2830-763-250120-50	2007-08	75,000	(75,000)	75,000				*	75,000
Marketing and Promotion Strategy	2830-763-250120-50	2007-08	50,000	(18,330)	33,689	31,670			(16,311) *	50,000
Marketing and Promotion Strategy 2	2830-763-250120-50	2007-08	48,000			30,014			(30,014) *	30,014
6 Jacobus Avenue	2830-763-250120-50			(213,508)				213,508	*	68,182
Jacobus Avenue Phase III	2830-763-250120-50	2008-09	820,290						*	
Streetscape Fiscal Year 2001	2830-763-250120-50	2000-01	700,000	97,268					97,268 *	632,748
Bergen Avenue Extension	2830-763-250120-50	2001-02	1,000,000	101,424					101,424 *	617,443
Streetscape III	2830-763-250120-50	2002-03	555,732	158,003					158,003 *	162,611
Redevelopment Grant	2830-763-250120-50	2003-04	60,000						*	26,258
Kearny Ave. Streetscape Extension - Phase II	2830-763-250120-50		223,528	14,667					14,667 *	164,441
Kearny Ave. Streetscape Extension	2830-763-250120-50	2006-07	1,947,325	(781,557)	575,032	(44,420)		84,495	(77,610) *	1,888,728
Kearny Ave. Streetscape Extension	2830-763-250120-50	2007-08	13,600	(13,600)				13,600	*	13,600
Kearny Ave. Streetscape Extension	2830-763-250120-50	2007-08	193,500	(40,494)	138,099			(97,605)	*	138,099
Clean Project 2008	2830-763-250120-50	2007-08	164,505	(3,231)	19,731				16,500 *	19,731
Bergen Avenue Extension - 2002	2830-763-250120-50	2002-03	781,259	(101,424)					(101,424) *	781,259
Public Safety Project-Year 1	2830-763-250120-50	2007-08	99,998	25,000					25,000 *	
Shopping Bus Year 1	2830-763-250120-50	2007-08	107,345	(34,158)	42,109				7,951 *	58,485
Zone Fire Engine - Custom Pumper	2830-763-250120-50	2007-08	35,000	(20,682)				(14,318)	(35,000) *	35,000
Zone Fire Engine - Custom Pumper	2830-763-250120-50	2006-07	175,000	(175,000)					(175,000) *	175,000
Downtown Revitalization	2830-763-250120-50	2008-09	26,300			20,648			(20,648) *	20,648
				(1,135,078)	1,150,519	219,004		199,327	(4,236) *	7,044,830

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2009

	Grant number	Grant period	Award Amount	Balance June 30, 2008	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2009	MEMO Cumulative Total Expenditures
Department of Community Affairs										
Municipal Alliance Program										
Fiscal Year 2008		2007-08	58,070	7,057	56,593	49,135		(14,515)		43,555
Fiscal Year 2009		2008-09	42,197		1,250	11,563			(10,313)	11,563
Recreation for Individuals with Disabilities		2007-08	12,000		10,000	12,000		2,000		12,000
				7,057	67,843	72,698		(12,515)	(10,313)	67,118
Department of Environmental Protection										
Clean Communities Program	4900-765-178910-60	2005-06	30,526	25,427		25,427				30,526
Clean Communities Program	4900-765-178910-60	2007-08	34,874	5,949		5,785			164	34,710
Clean Communities Program	4900-765-178910-60	2008-09	44,739		44,739				44,739	
Green Acres	0907-02-065	2003-04	574,500							16,000
Green Communities Grant		2007-08	3,000	(1,500)	3,000	1,500				3,000
Wastewater Treatment Fund		2007-08	62,977	60,180		61,432		1,252		61,725
Recycling Tonnage Grant	4900-752-178810-60	2007-08	9,112	9,112		9,048			64	9,048
Recycling Tonnage Grant	4900-752-178810-60	2008-09	30,615		30,615	12,094			18,521	12,094
Recycling Tonnage Grant	4900-752-178810-60									
Shade Tree Planting		2001-02	7,500	(7,500)					(7,500)	
Municipal Stormwater Regulation		2003-04	25,000							18,983
Municipal Stormwater Regulation	4840-150-057500	2005-06	20,619							
Hazardous Discharge Site Remediation										
Bergen Avenue				296					296	
528 Elm Street Corporation				51,389					51,389	
199 Devon Avenue				6,300					6,300	
681-697 Schulyer Avenue			49,922							6,104
Belgrove Drive Property				1,930					1,930	778
50 Belgrove Drive				19,926					19,926	
Undisclosed		2008-09	91,973		91,973	91,507			466	91,507
				171,509	170,327	206,793		1,252	136,295	284,475

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2009

	Grant number	Grant period	Award Amount	Balance June 30, 2008	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2009	MEMO Cumulative Total Expenditures
Department of Transportation										
New Jersey Transportation Trust Fund Authority Act of 1984:										
Fiscal Year 2001 - Wilson Avenue	6320-480-601385-61	2000-01	90,000	41,121					41,121	48,879
Fiscal Year 2001 - Devon Street	6320-480-601385-61	2000-01	150,000	34,589					34,589	147,665
New Jersey Department of Transportation										
Shuttle Bus	6320-480-601385-61	2003-04	82,381							55,486
Pothole Repair Program	6320-480-601385-61			680					680	
Discretionary Aid	6320-480-601385-61			19,623					19,623	
Kearny Ave Signal - Package E&F	6320-480-601385-61	2004-05	237,000	138,413					138,413	98,587
New Jersey Transit Grant		2007-08	19,861	(2,505)	7,843	5,051			287	19,574
New Jersey Transit Grant		2006-07	60,000							36,833
New Jersey Transit Grant		2008-09	20,000		9,529	11,726			(2,197)	11,726
				231,921	17,372	16,777			232,516	418,750
Health										
Public Health Priority Funding										
2007-08	4230-100-046-4602	2007-08	34,778		11,558	11,558				34,778
2008-09	4230-100-046-4602	2008-09	11,599		11,599	11,599				11,599
Tobacco Age of Sale Enforcement		2008-09	2,520		2,520	2,520				2,520
Senior Health Grant		2001-02	2,500	2,500					2,500	
New Jersey Preventive Smoking		1999-00	3,050	3,050					3,050	
Pandemic Influenza Preparedness Grant		2006-07	10,597	250		250				10,597
Pandemic Influenza Preparedness Grant		2007-08	9,330		9,330	9,330				9,330
				5,800	35,007	35,257			5,550	68,824
Administrative Offices of the Courts										
Drunk Driving Enforcement Fund										
	1110-101-030000-129040	2007-08	41,675	41,675		23,591			18,084	23,591
	1110-101-030000-129040	2003-04	25,406							5,055
Over the Limit Under Arrest		2007-08	5,000							2,600
Over the Limit Under Arrest		2008-09	5,000		5,000	5,000				5,000
Stop Violence		2002-03	3,000	(3,000)					(3,000)	2,999

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2009

	Grant number	Grant period	Award Amount	Balance June 30, 2008	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2009	MEMO Cumulative Total Expenditures
Obey the Signs or Pay the Fines		2007-08	4,000		4,000	4,000				4,000
Municipal Assistance		2007-08	20,000		20,000	20,000				20,000
Housing Assistance		2008-09	45,000		25,241	25,241				25,241
OJJDP Police Vests		2003-04	8,831	3,868					3,868	13,383
OJJDP Police Vests		2004-05	11,100	(3,641)	1,708			1,933 x		11,100
OJJDP Police Vests		2005-06	12,675			12,675		x	(12,675)	12,675
OJJDP Police Vests - Local Match		2005-06	12,675	12,675		12,675		x		12,675
OJJDP Police Vests		2006-07	9,735	9,735		7,128		(9,735) x	(7,128)	7,125
OJJDP Police Vests		2008-09	11,733							
Body Armor Grant				59					59	
Body Armor Grant		2007-08	13,121	13,121					13,121	6,104
Body Armor Grant		2006-07	11,011	4,345				x	4,345	7,312
Body Armor Grant		2008-09	11,414		11,414				11,414	
				78,837	67,363	110,310		(7,802)	28,088	158,860
Law and Public Safety:										
Hudson County Law Enforcement Trust Fund:										
Prior Year				4					4	
NJ Department of Public Safety		2000-01	13,137	13,137					13,137	
Emergency Management Grant		2007-08	10,000	10,000		2,407			7,593	2,407
Emergency Management Grant		2008-09	10,000		10,000				10,000	
Buffer Zone Protection Program		2005-06	49,959							49,958
Chemical Bufferzone Protection Program		2008-09	1,219,310		110,943	110,943				110,943
				23,141	120,943	113,350			30,734	163,308
Library and Archives:										
State Library Aid	5070-150-5110140-60		100	9					9	91
State Library Computer Security Grant			5,300							5,300
				9					9	5,391

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2009

	Grant number	Grant period	Award Amount	Balance June 30, 2008	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2009	MEMO Cumulative Total Expenditures
Other State Agencies										
MAP Grant		2007-08	100,000	(100,000)	100,000					100,000
MAP Grant	N/A	2006-07	100,000							1,375
MAP Grant	N/A	2008-09	100,000		64,377	100,000			(35,623)	100,000
Veterans Field House Construction	N/A	2006-07	100,000			20,775			(20,775)	20,775
Veterans Field House Construction	N/A	2007-08	97,000							
Library Reading Park Construction	N/A	2008-09	50,000							
Technology Program	N/A	2008-09	93,530			86,853			(86,853)	86,853
				(100,000)	164,377	207,628			(143,251)	309,003
Total State Assistance				(716,804)	1,793,751	981,817		180,262	275,392	8,520,559
Other Financial Assistance:										
Hudson County:										
State Library Computer Security Grant		2008-09	5,300		5,300				5,300	
Hudson County Improvement Authority	2830-763-250120-50		28,000	500					500	27,500
Paris Grant	100-074-2545-033-6110	2007-08	50,000	25,000		25,000				25,000
Paris Grant	100-074-2545-033-6110	2008-09	46,300		23,150	10,917			12,233	10,917
Hudson County Health - Office of the Aging		2007-08	40,000	7,382	25,236	32,618				40,000
Hudson County Health - Office of the Aging		2008-09	40,000		14,764	22,146			(7,382)	22,146
Justice Assistance		2006-07	15,315			2,143			(2,143)	2,143
Hudson County - OEM State Homeland Security		2007-08	16,000			14,400			(14,400)	14,400
Assistance to Firefighters		2007-08	37,782	(37,782)	37,782					41,980
Jersey Fresh Grant		2007-08	400	400		400				400
Other Miscellaneous Local Assistance:										
Library-Bill Gates-Computers		2007-08	3,250		1,950	985			965	985
Library-NJ Council for the Humanities		2006-07	390							369
Community Recreation Grant										
Hackensack Meadowlands Development Corporation				37,978					37,978	
New Jersey Meadowlands Commission-Storm Water Management			11,500							5,000
Center of Place		2003-04	80,000							
We the People Grant		2005-06	826							825
Comcast Grant		2005-06	34,945							33,551
Total Other Financial Assistance				33,478	108,182	108,609			33,051	225,216
Total Federal and State Grant Fund:				(683,326)	1,901,933	1,090,426		180,262	308,443	8,745,775

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2009

	Grant number	Grant period	Award Amount	Balance June 30, 2008	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2009	MEMO Cumulative Total Expenditures
General Capital Fund:										
Department of Transportation:										
Supplemental-Street Resurfacing Davis Ave.		2007-03	300,000			110,278			(110,278)	300,000
Various Road and Sewer Repairs		2008-34	310,000							29,448
						110,278			(110,278)	329,448
Green Acres Grant:										
Reconstruction of Bell Playground		2006-08	390,850	(8,154)	8,154					390,850
Riverbank Skateboard Park		2006-09	138,690	(5,760)	138,690	132,930				138,690
Improvements to Belgrove Playground		2007-12	391,500	(31,647)	391,500	359,853				391,500
Multi-Park Improvements		2008-36	500,000							
				(45,561)	538,344	492,783				921,040
Hudson County Open Space:										
Improvements to Belgrove Playground		2007-12	300,000		300,000			(300,000)		300,000
Various Capital Improvements		2007-30	110,000							
					300,000			(300,000)		300,000
Total General Capital Fund:				(45,561)	838,344	603,061		(300,000)	(110,278)	1,550,488
Total State Awards/Other Awards			$	(728,887)	2,740,277	1,693,487		(119,738)	198,165	10,296,263

Note: See accompanying notes to schedules of expenditures of federal and state awards.

TOWN OF KEARNY
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards present the activity of all federal and state financial assistance programs of the Town of Kearny, County of Hudson. The Town is defined in Note 1A to the Town's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting as prescribed for counties by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Note 1(B) to the Town's financial statements.

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Town's financial statements. Financial assistance awards are reported in the Town's financial statements on a basis of accounting described above as follows:

	Federal	State	Local	Total
Current Fund	$70,311	$981,817	$108,609	$1,160,737
Community Development Grant Fund	830,781			830,781
General Capital Fund	-	603,061		603,061
	$901,092	$1,584,878	$108,609	$2,594,579

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree, in all material respect, with the amounts reported in the related federal and state financial reports. However, we noted certain differences which are reported in the accompanying schedule of findings of noncompliance and questioned costs.

NOTE 5. ADJUSTMENTS

Amounts reported in the accompanying schedules were adjusted to report the financial assistance awards as described in Note 2 Basis of Accounting.

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The Town's federal and state loans outstanding at June 30, 2009, which are not required to be reported on the schedule of expenditures of federal and state awards, are as follows:

Loan Program	Total
State of New Jersey Environmental Infrastructure Trust Loan Program	$9,890,394
State of New Jersey Green Acres Bond Act	800,251
	$10,690,645

TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes ___X___ none reported

2. Material weakness(es) identified? _____ yes ___X___ no

Noncompliance material to financial statements noted? _____ yes ___X___ no

Federal Awards

Dollar threshold used to distinguish between type A and type B programs: $ 300,000

Auditee qualified as low-risk auditee? ___X___ yes _____ no

Type of auditor's report issued on compliance for major programs: unqualified

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes ___X___ none reported

2. Material weakness(es) identified? _____ yes ___X___ no

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes ___X___ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.219	Community Development Block Grant

TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009
(continued)

Section I - Summary of Auditor's Results, (continued)

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: $ 300,000

Auditee qualified as low-risk auditee? X yes ____ no

Type of auditors' report on compliance for major programs: unqualified

Internal Control over compliance:

1. Significant deficiencies identified that are not considered to be material weaknesses? ____ yes X none reported

2. Material weakness(es) identified? ____ yes X no

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? ____ yes X no

Identification of major programs:

GMIS Number(s)	Name of State Program
2830-763-250120-50	Urban Enterprise Zone Program
4800-533-852000-60	Green Acres Grant

TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009
(continued)

Section II - Schedule of Financial Statement Findings

None

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

None

STATUS OF PRIOR YEAR FINDINGS

None

TOWN OF KEARNY

GENERAL COMMENTS

Contracts and Agreements Requiring Advertisement for Bid

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of $17,500 or $25,000 if there is a certified purchasing agent, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

Effective July 1, 2005 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is $21,000 or $29,000 if there is a certified purchasing agent.

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

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

Police Patrol Boat
Sellers Street Roadway Improvements
Security Services
Schuyler Ave Water Improvements
Field House at Harvey Field
Demolition of Buildings
Gunnell Oval Roadway Improvements
Fire Hydrant Parts
2009 Road Program
Janitorial Services
HVAC Upgrade at Fire Dept.
Street Sweeper
Schuyler Ave Salt Shed
Traffic Light Maintenance
Dump Truck
Water Meter Replacement
Video Security System
Street Sweeper Services
Solid Waste and Recycling
Portable Ballistic Security Enclosure
Night Vision Binoculars
Elm Street Improvements

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

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 40A:11-4.

Resolutions were adopted authorizing the awarding of contract or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Collection of Interest on Delinquent Taxes and Assessments

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 on January 7, 2009 adopted the following resolution authorizing interest to be charged on delinquent taxes:

> WHEREAS, taxes are payable in quarterly installments on February 1, May 1, August 1 and November 1 of each year and installments become delinquent if not paid on or before these dates,
>
> THEREFORE, BE IT RESOLVED that Mayor and Council authorize an interest charge of 8% per annum, upon delinquent installments of taxes and assessments; and
>
> BE IT FURTHER RESOLVED, that the Mayor and Council authorize an interest charge of 18% per annum upon delinquent installments of taxes in excess of $1,500.00 and an additional penalty of 6% on delinquencies in excess of $10,000.00 at the end of the calendar year and,
>
> BE IT FURTHER RESOLVED, that the Mayor and Council provide a grace period of 10 days, within which an installment of taxes or assessment may be received without an additional charge of interest; and
>
> BE IT FURTHER RESOLVED, that any installment received after the expiration of the grace period shall bear interest from the due date,
>
> BE IT FURTHER RESOLVED, that the rate of interest to be charged upon tax liens is hereby set at 18% per annum, and a copy of this resolution is to be filed with the Tax Collector - Treasurer and the Tax Assessor of the Town of Kearny.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on May 13, 2009 and was complete.

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

The following comparison is made of the number of tax title liens receivable on June 30, of the last three years:

Year	Number of Liens
2009	16
2008	13
2007	16

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services.

The results of the test, which was made as of June 30, 2009, is not yet known, but a separate report will be rendered if any irregularities were developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

TOWN OF KEARNY

OTHER COMMENTS

Town Clerk

1. The minutes of the Town meetings are not being signed by the Town Clerk.
2. Not all bids were available for audit review as required by N.J.S.A. 40A:11.

U.E.Z. Department

1. Deposits are not being made in a timely manner.

Fixed Assets

1. The inventory of General Fixed Assets were not updated for 2008 as required by Technical Accounting Directive 85-2, Accounting for Fixed Assets.

Finance/Treasurer

1. The portion of employees' unemployment withholdings for state unemployment insurance that are to be retained by the Town are not being received and/or deposited into the Unemployment Trust Fund as required under the Benefit Reimbursement Method.
2. The Current Fund account has outstanding checks over one year old being carried as reconciling items.

Municipal Court

1. The reconciled cash bail per the bank account does not agree to the Bail on Account per the ATS/ACS systems.
2. The court is carrying outstanding checks over one year old as reconciling items in the Regular Bank Account.

RECOMMENDATIONS

Town Clerk

1. That the official minutes of the Town meetings be reviewed and signed by the Town Clerk to approve the accuracy of the document.
2. That all bids sought by public advertisement be maintained by the Town and made available for audit review.

U.E.Z. Department

1. That all deposits be made within 48 hours of receipt.

RECOMMENDATIONS, (continued)

Fixed Assets

1. The inventory of general fixed assets be updated and maintained on a current basis.

Finance/Treasurer

1. The percentage portion of the employees' unemployment withholdings due to the Unemployment Trust Fund be recouped from the payroll service provider and deposited into the Unemployment Trust Fund.
2. That the outstanding checks over one year old be reviewed and cancelled by resolution.

Municipal Court

1. That Bail on Account should agree to the reconciled cash in the Bail Account on a monthly basis.
2. That stale dated checks should be investigated and cancelled by resolution if necessary.

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all, except for those recommendations denoted with an asterisk ("*").

The problems and weaknesses noted in our audit were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Respectfully submitted,

Steven D. Wielkotz
Registered Municipal Accountant
No. CR00413

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

December 22, 2009