

TOWN OF KEARNY

**Financial Statements With
Supplementary Information**

June 30, 2008

(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, 2008 and 2007, 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, 2008. 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 provides 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.



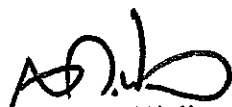
Honorable Mayor and
Members of the Town Council
Page 2.

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, 2008 and 2007 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, 2008 and 2007, 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, 2008, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2008 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.
Certified Public Accountants

November 26, 2008



TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

June 30, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Regular Fund:			
Current Assets:			
Cash - Operating Accounts	A-4	\$ 5,336,965	184,818
Cash - Change Fund	A-5	800	800
		<u>5,337,765</u>	<u>185,618</u>
Due from State of New Jersey per			
Ch. 129, P.L. 1976	A-7	164,952	166,343
Due from Kearny Utility Authority	A-13		860,000
Due from UEZ - Administrative Reimbursement	A-11		646,277
		<u>164,952</u>	<u>1,672,620</u>
		<u>5,502,717</u>	<u>1,858,238</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-8	1,133,618	1,098,696
Tax Title Liens	A-9	6,931,842	6,606,761
Property Acquired for Taxes -			
Assessed Valuation	A-10	1,593,100	1,512,500
Revenue Accounts Receivable	A-12	99,274	95,767
Various Accounts Receivable	A-13		311
Interfunds Receivable:			
Federal and State Grant Fund	A-20	680,446	1,453,942
Other Trust Fund	A-20	102	8,408
General Capital Fund	A-20		175,035
		<u>10,438,382</u>	<u>10,951,420</u>
Deferred Charges:			
Emergency Authorizations	A-14		100,000
Deficit in Operations	A-14		407,342
			<u>507,342</u>
		<u>15,941,099</u>	<u>13,317,000</u>
Federal and State Grant Fund:			
Cash - Operating Accounts	A-4	899,430	474,702
Grants Receivable	A-15	3,402,795	6,853,220
		<u>4,302,225</u>	<u>7,327,922</u>
		<u>\$ 20,243,324</u>	<u>20,644,922</u>

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

June 30, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Liabilities, Reserves and Fund Balance			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3/A-16 \$	615,150	525,923
Unencumbered	A-3/A-16	757,125	389,439
Reserve for:			
Maintenance of Free Public Library w/ State Aid	A-17	77,224	60,747
Accounts Payable	A-18	38,661	177,667
Tax Overpayments	A-19	21,487	21,993
Appropriated UEZ			170,753
Prepaid Taxes	A-23	<u>55,543</u>	<u>31,948</u>
		1,565,190	1,378,470
Reserve for Receivables	Contra	10,438,382	10,951,420
Fund Balance	A-1	<u>3,937,527</u>	<u>987,110</u>
		<u>15,941,099</u>	<u>13,317,000</u>
Federal and State Grant Fund			
Unappropriated Reserve for Grants	A-24		5,300
Interfunds Payable	A-25	680,446	1,453,942
Reserve for Grant Encumbrances	A-26	781,436	2,111,313
Reserve for Grant Expenditures	A-26	1,940,913	3,282,665
Reserve for UEZ		<u>899,430</u>	<u>474,702</u>
		<u>4,302,225</u>	<u>7,327,922</u>
	\$	<u>20,243,324</u>	<u>20,644,922</u>

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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues and Other Income:		
Fund Balance Utilized		
Miscellaneous Revenue Anticipated	35,350,130	37,262,041
Receipts from Delinquent Taxes	1,097,081	1,152,003
Receipts from Current Taxes	91,051,386	84,536,581
Non-Budget Revenue	608,032	683,759
Other Credits to Income:		
Grants Canceled	282,201	11,079
Accounts Payable Canceled	39,814	
Prior Years Interfunds Returned	310,837	8,046
Unexpended Balance of Appropriation Reserves	201,614	384,650
Total Revenues and Other Income	<u>128,941,095</u>	<u>124,038,159</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	30,256,495	30,674,390
Other Expenses	30,003,111	30,166,918
Capital Improvement Fund	100,000	100,000
Municipal Debt Service	3,148,299	2,347,397
Deferred Charges	507,342	257,847
Statutory Expenditures	1,189,078	1,177,000
	<u>65,204,325</u>	<u>64,723,552</u>
Interfund Charges (Net)		1,627,644
Prior Year Revenue Refund	32,914	2
Grants Receivable Canceled	560,165	
County Taxes	16,174,096	15,766,665
Local District School Tax	44,019,178	42,427,638
Total Expenditures	<u>125,990,678</u>	<u>124,545,501</u>
Excess (Deficit) Revenue Over Expenditures	2,950,417	(507,342)
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which Are By Statute Deferred Charges to Budget of Succeeding Year		<u>100,000</u>
Statutory Excess to Fund Balance	2,950,417	
Deficit in Operations to be Raised in Budget of Succeeding Year		<u>(407,342)</u>
Fund Balance, July 1,	<u>987,110</u>	<u>987,110</u>
	3,937,527	987,110
Decreased by:		
Fund Balance Utilized as Budget Revenue		
Fund Balance, June 30,	<u>3,937,527</u>	<u>987,110</u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ _____	_____	_____
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	43,400	48,355	4,955
Other	108,200	93,226	(14,974)
Fees and Permits:	136,100	185,674	49,574
Fines and Costs:			
Municipal Court	926,100	1,137,985	211,885
Interest and Costs on Taxes	322,900	274,357	(48,543)
Parking Meters	207,400	243,616	36,216
Interest on Investments and Deposits	447,900	342,360	(105,540)
Hackensack Meadowlands Development Corporation	4,068,000	4,099,859	31,859
Hartz Mountain Lease Agreement	122,700	122,736	36
Legislative Initiative Municipal Block Grant	158,852	158,852	
Consolidated Municipal Property Tax Relief Aid	3,333,679	3,333,679	
Energy Receipts Tax	17,496,645	17,496,645	
Supplemental Energy Receipts Tax	848,652	848,652	
Garden State Trust Fund	1,039	1,039	
Municipal Homeland Security Assistance	140,000	140,000	
Extraordinary Aid	1,300,000	1,300,000	
Municipal Property Tax Assistance	435,198	435,198	
Uniform Construction Code Fees	726,000	432,862	(293,138)
State and Federal Revenues Offset w/ Appropriations:			
Body Armor Grant	13,121	13,121	
State Homeland Security Grant Program	16,000	16,000	
Assistance to Firefighters Grant	37,782	37,782	
Drunk Driving Enforcement Grant	41,675	41,675	
Homeland Security Grant	71,000	71,000	
Emergency Management Grant FY 07	10,000	10,000	
Jersey Fresh	400	400	
NJ Transit Grant	30,000	30,000	
Health Office on Aging Title III Older Americans	40,000	40,000	
Pandemic Flu Preparedness	9,417	9,417	
Tobacco Age of Enforcement	180	180	
DCA-Recreation for Individuals with Disabilities	10,000	10,000	
Library Grant	500	500	
NJ State Library Computer Security	5,300	5,300	
Paris Grant	50,000	50,000	
NJMC Municipal Assistance	20,000	20,000	
Over the Limit Under Arrest	5,000	5,000	
Obey the Signs Pay the Fines	4,000	4,000	
Clean Communities Grant	34,874	34,874	
Public Health Priority Funding	34,778	34,778	
UEZ Marketing and Zone Promotion	75,000	75,000	
UEZ Marketing and Zone Promotion	50,000	50,000	
UEZ Kearny Ave Streetscape IV	13,600	13,600	
UEZ Business Development Revolving Loan	22,500	22,500	
s UEZ Zone Fire Engine Custom Pumper	35,000	35,000	
Gates Foundation Opportunity Grant	3,250	3,250	
UEZ Shopping Bus Year 1	107,345	107,345	
UEZ Barszcewski Street Construction	125,125	125,125	
UEZ Kearny Ave Streetscape IV	193,500	193,500	
UEZ Marketing and Zone Promotion 2	48,000	48,000	

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
UEZ Kearny Clean Project 2008	164,505	164,505	
UEZ Public Safety Project - Year 1	99,998	99,998	
Recycling Tonnage Grant	9,112	9,112	
Municipal Alliance	58,070	58,070	
NJDEP Wastewater Treatment Fund	62,977	62,977	
NJDEP 08 Green Communities Grant	3,000	3,000	
Municipal Assistance Program	100,000	100,000	
Other Special Items:			
Utility Operating Surplus of Prior Year	260,000	260,000	
Uniform Fire Safety Act	79,500	79,099	(401)
Kearny MUA Sludge Removal	860,000	860,000	
KUEZ Debt Service Kearny Ave Project	648,150	648,150	
Due From General Capital Fund	175,000	175,000	
Due From Federal and State Grant Fund	471,000	471,000	
New Jersey Meadowlands Commission	210,500	210,500	
New Jersey Meadowlands Commission-Host Community Fees	150,000	243,756	93,756
PILOT Payments	89,000	102,521	13,521
Total Miscellaneous Revenues	35,370,924	35,350,130	(20,794)
Receipts from Delinquent Taxes	1,098,000	1,097,081	(919)
Subtotal General Revenues	36,468,924	36,447,211	(21,713)
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	32,131,177	32,988,112	856,935
Budget Totals	68,600,101	69,435,323	835,222
Non-Budget Revenue		608,032	608,032
	<u>\$ 68,600,101</u>	<u>70,043,355</u>	<u>1,443,254</u>

TOWN OF KEARNY, N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended June 30, 2008

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 91,051,386
Allocated to County of Hudson	\$ 16,174,096
Local School District	<u>44,019,178</u>
	<u>60,193,274</u>
Balance for Support of Municipal Budget Appropriations	30,858,112
Add : Appropriation - Reserve for Uncollected Taxes	<u>2,130,000</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 32,988,112</u>
Receipts from Delinquent Taxes: FY 2007 Collections	<u>1,097,081</u>
	<u>\$ 1,097,081</u>

Analysis of Non-budget Revenues

Miscellaneous Revenue Not Anticipated

Response Calls - NJTP	\$ 1,880
Refunds	117,299
DMV	1,456
Tax Sale Costs	8,998
Bail	125
NSF Checks	800
Sewer Rebate	2,285
Housing	13,855
Dental	41,349
Military Leave	7,697
PVSC	50,734
Recycling	90,793
Health	18,992
Rentals	1,512
Police Private Duty	15,747
S/C Administration Fee	4,378
Comcast	78,064
Redevelopment Reimbursements	82,557
Civil Union Fees	2,200
Miscellaneous	<u>67,311</u>
	<u>\$ 608,032</u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance <u>Canceled</u>
General Government:					
Administration:					
Salaries and Wages	\$ 230,000	228,759	228,759		
Other Expenses					
Misc. Other Expenses	60,000	60,000	58,387	1,613	
Mayor and Council					
Salaries and Wages	95,000	97,868	97,868		
Other Expenses	4,000	4,000	2,615	1,385	
Town Clerk					
Salaries and Wages	236,000	230,470	230,470		
Other Expenses	30,000	30,000	24,858	5,142	
Elections:					
Salaries and Wages	5,000	4,157	4,157		
Other Expenses	30,000	30,000	26,046	3,954	
Legal:					
Salaries and Wages	50,000	50,000	50,000		
Other Expenses	500,000	600,000	599,645	355	
Prosecutor:					
Salaries and Wages	15,298	16,048	16,048		
Other Expenses	1,000	1,000	144	856	
Auditor:					
Other Expenses	60,000	100,000	92,050	7,950	
Engineering:					
Salaries and Wages	30,000	30,000	30,000		
Other Expenses	30,000	35,000	33,828	1,172	
Publicity and Industrial Development:					
Other Expenses	5,000	5,000	4,965	35	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Insurance:					
Life Insurance for Employees	50,000	50,000	49,809	191	
Employee Hospitalization	9,391,238	9,391,238	9,034,925	75	356,238
Other Insurance	50,000	47,000	46,440	560	
Dedicated Insurance Fund	1,600,000	1,600,000	1,600,000		
Municipal Court					
Salaries and Wages	500,000	396,219	396,219		
Other Expenses	45,000	30,000	29,533	467	
Public Defender:					
Salaries and Wages	19,114	19,114	19,114		
Financial Administration:					
Treasurer:					
Salaries and Wages	367,000	351,163	351,163		
Other Expenses	200,000	150,000	150,000		
Assessment of Taxes:					
Salaries and Wages	138,000	130,615	130,615		
Other Expenses	27,500	45,000	41,824	3,176	
Collection of Taxes:					
Salaries and Wages	254,000	252,780	252,780		
Other Expenses	27,500	22,500	21,927	573	
Public Safety:					
Police:					
Salaries and Wages	14,700,000	14,505,044	14,252,044	3,000	250,000
Other Expenses	650,000	550,000	543,108	6,892	
Uniform Fire Safety Act: (P.L. 1983 Chap. 383)					
Fire:					
Salaries and Wages	9,650,000	9,556,816	9,406,816		150,000
Other Expenses	185,000	185,000	184,033	967	
Emergency Management Services:					
Other Expenses	5,000				

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Health and Welfare					
Board of Health					
Salaries and Wages	597,000	598,536	598,536		
Other Expenses	60,000	65,000	62,033	2,967	
Intercounty Council on Drugs	6,000	6,000	6,000		
Board of Health-Contractual agreement	22,000	17,000	16,240	760	
Human Services					
Other Expenses	5,000	5,000	5,000		
Meals on Wheels Program					
Other Expenses	35,000	34,000	33,716	284	
Animal License					
Other Expenses	60,000	60,000	60,000		
Shelter Workshop for Handicapped					
Other Expenses	22,000	22,000	22,000		
Department of Public Works					
Road Repairs and Maintenance:					
Salaries and Wages	1,650,000	1,610,459	1,610,459		
Other Expenses	175,000	225,000	213,369	11,631	
Shade Tree:					
Salaries and Wages	500,000	480,435	480,435		
Other Expenses	160,000	165,000	162,298	2,702	
Public Buildings and Grounds:					
Salaries and Wages	250,000	228,710	228,710		
Other Expenses	150,000	175,000	171,669	3,331	
Vehicle Maintenance:					
Salaries and Wages	175,000	173,809	173,809		
Other Expenses	150,000	145,000	138,844	6,156	
Recreation and Parks:					
Recreation:					
Unified Recreation Committee	280,000	270,467	270,467		
Other Expenses	75,000	75,000	70,125	4,875	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Celebration of Public Events:					
Other Expenses:	35,000	30,000	26,150	3,850	
Senior Citizen Center					
Salaries and Wages	150,000	178,415	178,415		
Other Expenses	13,000	11,000	10,173	827	
Construction Code Enforcement					
Salaries and Wages	635,000	651,403	651,403		
Other Expenses	60,000	53,000	51,982	1,018	
Zoning Commission					
Salaries and Wages	3,000	1,510	1,510		
Other Expenses	30,000	18,000	15,438	2,562	
Board of Appeals					
Salaries and Wages	1,750	123	123		
Other Expenses	3,000	1,000	33	967	
Planning Board					
Salaries and Wages	3,000	3,000	3,000		
Other Expenses	30,000	26,000	25,511	489	
Parking Lot Lease Payment	35,000	36,500	36,457	43	
Management Information					
Salaries and Wages	50,000	55,797	55,797		
Other Expenses	100,000	120,000	118,556	1,444	
Unclassified:					
Electricity and Gas	400,000	390,000	356,383	33,617	
Street Lighting	600,000	660,000	606,897	53,103	
Communications	300,000	348,000	344,330	3,670	
Block Parents Program	1,000	1,000		1,000	
Gasoline	250,000	320,000	315,023	4,977	
Postage	50,000	46,000	45,967	33	
Salary and Wage Adjustment	200,000	500,000		500,000	
North Hudson Community Action Council	10,000	10,000	10,000		
Rental of Pumps	94,000	94,000	94,000		

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Landfill and Solid Waste Disposal Costs					
Garbage and Trash Removal:					
Contractual	1,200,000	1,200,000	1,200,000		
Bailer Fees	1,800,000	1,721,790	1,709,002	12,788	
Total Operations within "CAPS"	49,666,400	49,637,745	48,190,050	691,457	756,238
B. Contingent	2,000	2,000		2,000	
Total Operations Including Contingent-within "CAPS"	49,668,400	49,639,745	48,190,050	693,457	756,238
Detail:					
Salaries & Wages	30,784,162	30,621,717	29,718,717	503,000	400,000
Other Expenses (Including Contingent)	18,884,238	19,018,028	18,471,333	190,457	356,238
(E) Deferred Charges and Statutory Expenditures-					
Municipal within "CAPS"					
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	825,000	819,855	819,855		
Consolidated Police and Firemen's Pension	263,223	264,223	264,202	21	
Unemployment Insurance	105,000	105,000	103,083	1,917	
Total Deferred Charged and Statutory					
Expenditures-Municipal within "CAPS"	1,193,223	1,189,078	1,187,140	1,938	
Cash Deficit of Preceeding Year	407,342	407,342	407,342		
Total General Appropriations for					
Municipal Purposes within "CAPS"	51,268,965	51,236,165	49,784,532	695,395	756,238

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Passaic Valley Sewer Commission:					
Share of Costs	4,140,280	4,140,280	3,841,991		298,289
Maintenance of Free Public Library (Ch. 82 & 541, P.L. 1985)					
Contribution	1,200,000	1,200,000	1,149,041	50,959	
Health Benefits PL 2007 c.62	143,762	143,762			143,762
Matching Funds For Grants	100,000	131,800	121,029	10,771	
Public Employees' Retirement System	447,914	447,914	432,914		15,000
Police and Firemen's Retirement System	4,164,385	4,164,385	4,164,385		
Total Other Operations - Excluded from "CAPS"	10,196,341	10,228,141	9,709,360	61,730	457,051
Public and Private Programs Offset by Revenues					
Body Armor Grant	13,121	13,121	13,121		
State Homeland Security Grant Program	16,000	16,000	16,000		
Assistance to Firefighters Grant	37,782	37,782	37,782		
Drunk Driving Enforcement Grant	41,675	41,675	41,675		
Homeland Security Grant	71,000	71,000	71,000		
Emergency Management Grant FY 07	10,000	10,000	10,000		
Jersey Fresh	400	400	400		
NJ Transit Grant	30,000	30,000	30,000		
Health Office on Aging Title III Older Americans	40,000	40,000	40,000		
Pandemic Flu Preparedness	9,417	9,417	9,417		
Tobacco Age of Enforcement	180	180	180		
DCA-Recreation for Individuals with Disabilities	10,000	10,000	10,000		
Library Grant	500	500	500		
NJ State Library Computer Security	5,300	5,300	5,300		
Paris Grant	50,000	50,000	50,000		
NJMC Municipal Assistance	20,000	20,000	20,000		
Over the Limit Under Arrest	5,000	5,000			

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Obeys the Signs Pay the Fines	4,000	4,000	4,000		
Clean Communities Grant	34,874	34,874	34,874		
Public Health Priority Funding					
Salaries and Wages	34,778	34,778	34,778		
UEZ Marketing and Zone Promotion	75,000	75,000	75,000		
UEZ Marketing and Zone Promotion	50,000	50,000	50,000		
UEZ Kearny Ave Streetscape IV	13,600	13,600	13,600		
UEZ Business Development Revolving Loan	22,500	22,500	22,500		
UEZ Zone Fire Engine Custom Pumper	35,000	35,000	35,000		
Gates Foundation Opportunity Grant	3,250	3,250	3,250		
UEZ Shopping Bus Year 1	107,345	107,345	107,345		
UEZ Barszczewski Street Construction	125,125	125,125	125,125		
UEZ Kearny Ave Streetscape IV	193,500	193,500	193,500		
UEZ Marketing and Zone Promotion 2	48,000	48,000	48,000		
UEZ Kearny Clean Project 2008	164,505	164,505	164,505		
UEZ Public Safety Project - Year 1	99,998	99,998	99,998		
Recycling Tonnage Grant	9,112	9,112	9,112		
Municipal Alliance	58,070	58,070	58,070		
NJDEP Wastewater Treatment Fund	62,977	62,977	62,977		
NJDEP 08 Green Communities Grant	3,000	3,000	3,000		
Municipal Assistance Program	100,000	100,000	100,000		
Total Public and Private Programs Offset by Revenues	1,605,009	1,605,009	1,605,009		
Total Operations-Excluded from "CAPS"	11,801,350	11,833,150	11,314,369	61,730	457,051
Detail:					
Salaries and Wages	34,778	34,778	34,778		
Other Expenses	11,766,572	11,798,372	11,279,591	61,730	457,051

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Capital Improvements-"Excluded from CAPS"					
Capital Improvement Fund	100,000	100,000	100,000		
Total Capital Improvements-"Excluded from CAPS"	100,000	100,000	100,000		
Municipal Debt Service - Excluded from "CAPS"					
Green Trust Loan Program	34,789	34,789	34,789		
Loan Repayments for Principal and Interest					
N.J. Wastewater Treatment Trust	438,287	438,287	385,899		52,388
Loan Repayments for Principal and Interest	540,000	540,000	540,000		
Payment of Bond Principal	1,884,710	1,884,710	1,884,710		
Interest on Bonds	302,000	303,000	302,901		99
Interest on Notes					
Total Municipal Debt Service-Excluded from "CAPS"	3,199,786	3,200,786	3,148,299		52,487
DEFERRED CHARGES:					
Emergency Authorizations	100,000	100,000	100,000		
Total Deferred Charges - Municipal - Excluded from "CAPS"	100,000	100,000	100,000		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	15,201,136	15,233,936	14,662,668	61,730	509,538
Subtotal General Appropriations	66,470,101	66,470,101	64,447,200	757,125	1,265,776
Reserve for Uncollected Taxes	2,130,000	2,130,000	2,130,000		
Total General Appropriations	\$ 68,600,101	68,600,101	66,577,200	757,125	1,265,776

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Appropriation by 40A:4-87		1,605,009			
Budget		66,995,092			
		<u>68,600,101</u>			
Reserve for Uncollected Taxes			2,130,000		
Deferred Charges			507,342		
Matching Funds			121,029		
Grants			1,605,009		
Encumbrances			615,150		
Cash			<u>61,598,670</u>		
			<u>66,577,200</u>		

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

June 30, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Assessment Trust Fund:			
Assessment Receivable - Unpledged	B-3	\$ 1,136	1,136
Assessment Liens Receivable - Unpledged	B-4	292	292
		<u>1,428</u>	<u>1,428</u>
Animal Trust Fund:			
Cash	B-2	13,722	16,336
		<u>13,722</u>	<u>16,336</u>
Other Trust Funds:			
Cash	B-2	4,259,882	3,280,821
Community Development Receivables	B-8	582,239	1,074,354
Other Accounts Receivable	B-7	47,443	47,443
Interfunds Accounts Receivable:			
Due from Federal and State Grant Fund	B-14		
Due from Capital Fund	B-14		200,000
Intrafund Accounts Receivable			
Due from Escrow Trust Fund	B-15	216,871	216,871
Due from CDBG Trust Fund	B-15	284,124	284,124
Due from Other Trust Fund	B-15	13,010	13,010
		<u>5,403,569</u>	<u>5,116,623</u>
Self-Insurance Trust Fund:			
Cash	B-2	859,818	638,077
		<u>859,818</u>	<u>638,077</u>
		<u>\$ 6,278,537</u>	<u>5,772,464</u>

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

June 30, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Assessment Trust Fund:			
Reserve for Assessments and Liens	B-13	\$ 1,334	1,334
Fund Balance	B-1	94	94
		<u>1,428</u>	<u>1,428</u>
Animal Trust Fund:			
Reserve for Animal Control Expenditures	B-9	<u>13,722</u>	<u>16,336</u>
		<u>13,722</u>	<u>16,336</u>
Other Trust Fund:			
Reserves for:			
Other Expenditures	B-10	4,030,447	3,537,166
Community Development Grant	B-11	859,015	1,056,622
Interfunds Accounts Payable:			
Due to Current Fund	B-14	102	8,408
Intrafund Accounts Payable:			
Due to Affordable Housing Trust Fund	B-15	110,067	110,067
Due to Other Trust Fund	B-15	402,638	402,638
Due to Public Library Trust Fund	B-15	1,300	1,300
Miscellaneous Reserve	B-5	<u>422</u>	<u>422</u>
		<u>5,403,569</u>	<u>5,116,623</u>
Self-Insurance Trust Fund:			
Reserve for Self-Insurance	B-12	<u>859,818</u>	<u>638,077</u>
		<u>859,818</u>	<u>638,077</u>
		<u>\$ 6,278,537</u>	<u>5,772,464</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Schedule of Fund Balance-Regulatory Basis

Assessment Trust Fund

Year Ended June 30, 2008

Balance - June 30, 2007	\$ <u>94</u>
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Balance - June 30, 2008	\$ <u><u>94</u></u>
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See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

Year Ended June 30, 2008 and 2007

<u>Assets</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Cash - Checking Accounts	C-2/C-3	\$ 1,714,590	98,236
Accounts Receivable:			
Community Development Block Grants	C-4		450,000
Department of Transportation Grants	C-4	110,278	405,000
Economic Development Authority Grant	C-4		468,133
Green Acres Grants	C-4	538,344	832,822
Urban Enterprise Zone	C-4		745,000
Hudson County Open Space Grants	C-4	410,000	410,000
Loans Receivable:			
Environmental Infrastructure Loans	C-5	1,466,668	1,134,408
Green Acres Loans	C-5	538,344	832,822
Deferred Charges to Future Taxation:			
Funded	C-6	61,114,071	46,840,346
Unfunded	C-7	1,777,477	17,103,262
		<u>\$ 67,669,772</u>	<u>69,320,029</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-9	\$ 50,319,000	40,554,000
Bond Anticipation Notes	C-12		8,678,471
New Jersey Wastewater Loan Payable	C-10	10,381,854	5,846,997
Green Acres Trust Loan Payable	C-11	413,217	439,349
Improvement Authorizations:			
Funded	C-14	2,867,421	3,087,465
Unfunded	C-14	1,269,599	8,215,108
Capital Improvement Fund	C-16	104,599	6,500
Interfund Accounts Payable:			
Due to Current Fund	C-8		175,035
Due to Other Trust Fund	C-8		200,000
Reserve for Receivables	C-13	1,376,688	1,965,645
Schedule of Reserves	C-15	788,716	151,459
Fund Balance	C-1	<u>148,678</u>	
		<u>\$ 67,669,772</u>	<u>69,320,029</u>

There were \$1,777,477 and \$8,424,791 of Bonds and Notes Authorized but Not Issued on June 30, 2008 and 2007 respectively (Exhibit C-17).

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.
Statement of Changes in Fund Balance - Regulatory Basis
General Capital Fund
Year Ended June 30, 2008

Balance, June 30, 2007	\$	
Decreased by Disbursements:		
Cancellation of Ordinances		335,298
Cancellation of EDA Receivable		<u>(186,620)</u>
Balance, June 30, 2008	\$	<u>148,678</u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

June 30, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 532,461	51,976
Interfund Accounts Receivable:			
Due from Water Capital Fund	D-19		340,000
Due From East Orange Water Commission	D-7	<u>352,614</u>	<u>440,768</u>
		<u>885,075</u>	<u>832,744</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-8	<u>677,672</u>	<u>525,701</u>
 Total Water Utility Operating Fund		<u>1,562,747</u>	<u>1,358,445</u>
Capital Fund:			
Cash - Treasurer	D-5,D-6	1,611,121	33,704
Fixed Capital	D-9	22,146,385	16,225,695
Fixed Capital Authorized and Uncompleted	D-10	<u></u>	<u>3,654,829</u>
 Total Capital Fund		<u>23,757,506</u>	<u>19,914,228</u>
		<u>\$ 25,320,253</u>	<u>21,272,673</u>

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

June 30, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-11	7,936	22,450
Reserve for Encumbrances	D-4	25,715	40,513
Accounts Payable	D-12		54,566
Accrued Interest on Bonds and Notes	D-13	<u>31,150</u>	<u>49,934</u>
		64,801	167,463
Reserve for Receivables	Contra	677,672	525,701
Fund Balance	D-1	<u>820,274</u>	<u>665,281</u>
Total Water Utility Operating Fund		<u>1,562,747</u>	<u>1,358,445</u>
Capital Fund:			
Interfund Accounts Payable:			
Due to Water Operating Fund	D-20		340,000
Bond Anticipation Notes	D-21		2,081,000
Serial Bonds Payable	D-18	7,593,000	1,873,000
Improvement authorization:			
Funded	D-14	1,569,624	59,997
Unfunded	D-14		1,179,017
Capital Improvement Fund	D-15	32,750	32,750
Reserve for:			
Amortization	D-16	14,553,385	14,348,385
Deferred Amortization	D-17		79
Fund Balance	D-2	<u>8,747</u>	
Total Capital Fund		<u>23,757,506</u>	<u>19,914,228</u>
		<u>\$ 25,320,253</u>	<u>21,272,673</u>

There were \$0 and \$1,578,060 of Bonds and Notes Authorized But Not Issued on June 30, 2008 and 2007 respectively (Exhibit D-22).

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

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

Water Utility Operating Fund

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenue and other income:		
Operating Surplus Anticipated	\$ 88,156	
Water rents	4,746,876	4,443,412
Water rents additional		220,622
Water bulk - Cedar Grove	556,028	444,986
Capital Surplus		61,362
Prior Year Refund North Jersey Water District		94,624
Miscellaneous Revenue	23,732	23,957
Liabilities Canceled	53,786	
Unexpended balance appropriation reserve	22,727	18,343
Total revenue and other income	<u>5,491,305</u>	<u>5,307,306</u>
Expenditures:		
Operating	4,488,281	4,375,543
Capital Improvements		120,000
Debt service	369,721	401,540
Deferred charges and statutory expenditures	130,154	
Transferred to Current Fund as Revenue	260,000	43,101
Total expenditures	<u>5,248,156</u>	<u>4,940,184</u>
Excess (Deficit) in revenues	243,149	367,122
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	243,149	367,122
Fund balance, July 1	<u>665,281</u>	<u>298,159</u>
	908,430	665,281
Decreased by utilization by water operating budget	<u>88,156</u>	
Balance, June 30	<u>\$ 820,274</u>	<u>665,281</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Schedule of Fund Balance - Regulatory Basis

Water Utility Capital Fund

Year ended June 30, 2008

Balance, June 30, 2007	\$ _____
Increased by:	
Funded Improvement authorizations Cancelled	<u>8,747</u>
Balance, June 30, 2008	\$ <u><u>8,747</u></u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year ended June 30, 2008

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 88,156	88,156	
Rents	4,600,000	4,746,876	146,876
Water Bulk Sales - Cedar Grove	400,000	556,028	156,028
Miscellaneous Revenue Not Anticipated		23,732	23,732
	<u>\$ 5,088,156</u>	<u>5,414,792</u>	<u>326,636</u>

Analysis of Realized Revenue

Rents	\$ 4,746,876
Water Bulk Sales - Cedar Grove	<u>556,028</u>
	<u>5,302,904</u>

Analysis of Miscellaneous Revenue Not Anticipated

Miscellaneous	2,933
Interest on Investments	<u>20,799</u>
	<u>\$ 23,732</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year ended June 30, 2008

	<u>Appropriations</u>				
	<u>Budget</u>	<u>Budget after modifi- cation</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Canceled</u>
Operating:					
Salaries and Wages	\$ 575,000	565,000	564,381	619	
Other Expenses	675,000	656,636	649,531	7,105	
North Jersey Water District Supply	<u>3,200,000</u>	<u>3,266,645</u>	<u>3,266,645</u>		
Total Operating	<u>4,450,000</u>	<u>4,488,281</u>	<u>4,480,557</u>	<u>7,724</u>	
Capital Improvements:					
Capital Improvement Fund	25,000	25,000			(25,000)
Capital Outlay	<u>75,000</u>	<u>75,000</u>			<u>(75,000)</u>
	<u>100,000</u>	<u>100,000</u>			<u>(100,000)</u>
Debt Service:					
Payment of Bond Principal	205,000	205,000	205,000		
Interest on Bonds	89,455	89,455	89,455		
Interest on Notes	<u>64,200</u>	<u>75,266</u>	<u>75,266</u>		
	<u>358,655</u>	<u>369,721</u>	<u>369,721</u>		
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures - Contribution to:					
Receivable-East Orange	88,154	88,154	88,154		
Public Employees' Retirement System	36,347				
Social Security	<u>55,000</u>	<u>42,000</u>	<u>41,788</u>	<u>212</u>	
Total Deferred Charges and Statutory Expenditures	<u>179,501</u>	<u>130,154</u>	<u>129,942</u>	<u>212</u>	
	<u>\$ 5,088,156</u>	<u>5,088,156</u>	<u>4,980,220</u>	<u>7,936</u>	<u>(100,000)</u>
Cash Disbursed			\$ 4,701,630		
Accrued Interest on Bonds and Notes			164,721		
Encumbrances			25,715		
Due From East Orange			88,154		
			<u>\$ 4,980,220</u>		

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheets-Regulatory Basis

Public Assistance Trust Fund

June 30, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
<u>Trust Fund # 1</u>			
Cash	E-1	\$ 13,285	8,369
Due from Current Fund	E-2	<u>16</u>	<u>16</u>
		<u>\$ 13,301</u>	<u>8,385</u>
<u>Liabilities</u>			
<u>Trust Fund # 1</u>			
Reserve for Public Assistance Expenditures	E-3	\$ <u>13,301</u>	<u>8,385</u>
		<u>\$ 13,301</u>	<u>8,385</u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheets-Regulatory Basis

Payroll Account

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Cash	\$ <u>262,998</u>	<u>255,294</u>
	\$ <u><u>262,998</u></u>	<u><u>255,294</u></u>
<u>Liabilities</u>		
Withholdings Payable	\$ 262,998	252,684
Reserve for Payroll	<u> </u>	<u>2,610</u>
	\$ <u><u>262,998</u></u>	<u><u>255,294</u></u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

June 30, 2007 and 2006

	<u>2008</u>	<u>2007</u>
General Fixed Assets:		
Land	\$ 4,000,600	4,000,600
Buildings	6,070,933	6,070,933
Machinery and equipment	<u>21,970,196</u>	<u>21,970,196</u>
	<u>32,041,729</u>	<u>32,041,729</u>
Investment in General Fixed Assets	\$ <u>32,041,729</u>	<u>32,041,729</u>

See accompanying notes to financial statements.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007

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.

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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

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

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.

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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

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

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.

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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

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

Basis of Accounting, (continued)

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.

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 2008, the governing body approved the insertion of \$1,605,009 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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

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

Basis of Accounting, (continued)

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.

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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

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

Basis of Accounting, (continued)

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.

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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

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

Basis of Accounting, (continued)

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.

D. Recent Accounting Pronouncements

In July 2004, the Governmental Accounting Standards Board (GASB) adopted statement number 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions." This statement will become effective for entities on a phased in basis beginning with fiscal years beginning after December 15, 2006. The effective date for this entity is the fiscal year beginning July 1, 2008. This statement will require governmental entities to report the future costs of other post employment benefits (OPEB) on a present value basis instead of the present "pay as you go" method. The Town does not expect the adoption of the GASB statement to have a material effect on the Town's financial position or results of operations.

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, 2008, \$0 of the Town's bank balance of \$16,129,013 was exposed to custodial credit risk.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

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, 2008 consisted of the following:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$40,554,000	\$10,305,000	\$540,000	\$50,319,000	\$2,675,000
Water Utility Obligation Debt	<u>1,873,000</u>	<u>5,925,000</u>	<u>205,000</u>	<u>7,593,000</u>	<u>230,000</u>
Total Bonds Payable	<u>42,427,000</u>	<u>16,230,000</u>	<u>745,000</u>	<u>57,912,000</u>	<u>2,905,000</u>
Other Liabilities:					
New Jersey Wastewater Loans	5,846,997	4,878,250	343,393	10,381,854	536,460
Green Acres Trust Loans	439,349	-	26,132	413,217	26,657
Compensated Absences Payable	<u>9,784,228</u>	<u>-</u>	<u>3,807,241</u>	<u>5,976,987</u>	<u>-</u>
Total Other Liabilities	<u>16,070,574</u>	<u>4,878,250</u>	<u>4,176,766</u>	<u>16,772,058</u>	<u>563,117</u>
	<u>\$58,497,574</u>	<u>\$21,108,250</u>	<u>\$4,921,766</u>	<u>\$74,684,058</u>	<u>\$3,468,117</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

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:

	<u>Year 2008</u>	<u>Year 2007</u>	<u>Year 2006</u>
Issued:			
General Bonds, Notes and Loans	\$61,114,071	\$55,518,817	\$52,813,479
Municipal Utility Authority*	15,913,724	16,716,748	17,733,671
Water Utility Bonds and Notes	<u>7,593,000</u>	<u>3,954,000</u>	<u>4,159,000</u>
Net Debt Issued	<u>84,620,795</u>	<u>76,189,565</u>	<u>74,706,150</u>
Authorized But Not Issued:			
General Bonds and Notes	1,777,477	8,424,791	8,807,694
Water Utility Bonds and Notes	<u>-</u>	<u>1,578,060</u>	<u>4,310</u>
Total Authorized But Not Issued	<u>1,777,477</u>	<u>10,002,851</u>	<u>8,812,007</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$86,398,272</u>	<u>\$86,192,416</u>	<u>\$83,518,157</u>

* 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 1.43%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$16,452,000	\$16,452,000	\$0
General Debt	78,805,272	26,022,129	52,783,143
Utility Debt	<u>7,593,000</u>	<u>7,593,000</u>	<u>0</u>
	<u>\$102,850,272</u>	<u>\$50,067,129</u>	<u>\$52,783,143</u>

Net Debt \$52,783,143 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$3,691,916,635 equals 1.43%.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

3 ½% of equalized valuation basis (municipal)	\$129,217,082
Net Debt	<u>52,783,144</u>
Remaining borrowing power	<u>\$76,433,938</u>

The Town's long term debt consisted of the following at June 30, 2008:

<u>General Obligation Bonds - Paid by Current Fund</u>	<u>Amount Outstanding</u>
Refunding Bonds - with an interest rate from 4.50% to 5.50% issued July 1, 1997, due through February 15, 2009	\$2,535,000
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	4,865,000
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	<u>10,305,000</u>
	<u>\$50,319,000</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

	<u>Amount Outstanding</u>
<u>Green Acres Loan - Paid by Current Fund</u>	
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	\$17,540
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	211,966
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	<u>183,711</u>
	<u>\$413,217</u>
<u>Wastewater Treatment Loans - Paid by Water Utility Fund</u>	
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	\$1,060,000
Trust Bonds Series 1998A - Fund Share - at a zero rate of interest issued November 1, 1998, due through August 1, 2018	869,484
Trust Bonds Series 2004A - Trust Share - with an interest rate of 3.0%-5.0% issued November 4, 2004, due through August 1, 2024	955,000
Trust Bonds Series 2004A - Fund Share - at a zero rate of interest issued November 4, 2004, due through August 1, 2024	2,619,120
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	<u>3,623,250</u>
	<u>\$10,381,854</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

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, 2008 are as follows:

Water Utility Bonds - with an interest rate of 7.20% issued December 15, 1989, due through December 15, 2009	\$60,000
Water Utility Bonds - with an interest rate of 5.10% issued November 15, 1997, due through August 1, 2016	365,000
Water Utility Bonds (Taxable) - with an interest rate of 5.00% to 5.50% issued January 15, 2003, due through January 15, 2016	1,043,000
Water Utility Bonds - with an interest rate of 3.75% to 4.15% issued January 15, 2003, due through January 15, 2016	200,000
Water Utility Bonds - with an interest rate of 3.50% to 5.25% issued January 15, 2008, due through January 15, 2027	<u>5,925,000</u>
	<u>\$7,593,000</u>

The Town's principal and interest for bonded debt and loans issued and outstanding as of June 30, 2008 is as follows:

	<u>General Capital Debt</u>		<u>Utility Debt</u>		
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	2,675,000	2,278,168	230,000	321,171	5,504,339
2010	4,815,000	2,072,404	250,000	309,353	7,446,757
2011	5,020,000	1,878,804	280,000	297,708	7,476,512
2012	5,230,000	1,675,138	300,000	284,863	7,490,001
2013	5,460,000	1,452,063	320,000	271,317	7,503,380
2014-2018	20,899,000	3,683,542	1,853,000	1,128,495	27,564,037
2019-2023	6,220,000	516,560	2,350,000	692,000	9,778,560
2024-2027	-	-	<u>2,010,000</u>	<u>201,600</u>	<u>2,211,600</u>
	<u>\$ 50,319,000</u>	<u>\$ 13,556,679</u>	<u>\$ 7,593,000</u>	<u>\$ 3,506,507</u>	<u>\$ 74,975,186</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

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, 2008, the Town had \$-0- in outstanding general capital bond anticipation notes. The Town also had \$-0- of Water Utility Capital Bond Anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar year ended June 30, 2008.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
JP Morgan Chase Bank	\$4,254,535	\$	\$4,254,535	\$0
JP Morgan Chase Bank	2,200,000		2,200,000	0
JP Morgan Chase Bank	<u>2,223,936</u>	<u> </u>	<u>2,223,936</u>	<u>0</u>
	<u>\$8,678,471</u>	<u>\$0</u>	<u>\$8,678,471</u>	<u>\$0</u>

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, 2008, the Town had no deferred charges on the balance sheets of the various funds.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

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 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.

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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

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, 2006, 20 percent; for payments due in the State fiscal year ending June 30, 2007, 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.

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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

NOTE 6. PENSION PLANS, (continued)

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>CPFPPF</u>
June 30, 2008	\$432,914	\$4,164,385	\$264,202
June 30, 2007	294,863	2,857,945	267,593
June 30, 2006	148,965	1,828,670	334,805

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, 2008 was \$5,976,987.

NOTE 8. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of June 30, 2008:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Land	\$4,000,600	\$		\$4,000,600
Building	6,070,933			6,070,933
Machinery and Equipment	<u>21,970,196</u>	<u> </u>	<u> </u>	<u>21,970,196</u>
	<u>\$32,041,729</u>	<u>0</u>	<u>\$0</u>	<u>\$32,041,729</u>

NOTE 9. DUE TO/FROM OTHER FUNDS

Balances due from/to other funds at June 30, 2008 consist of the following:

\$102 Due to the Current Fund from the Other Trust Fund for interest earned on deposits.

680,446 Due to the Current Fund from the Federal and State Grant Fund to cover expenditures.

\$680,548

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

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, 2007	<u>\$638,077</u>
Increases:	
Town Contributions	1,600,000
Reimbursements	78,996
Interest	<u>14,702</u>
	<u>1,693,698</u>
	2,331,775
Decreases:	
Claims	<u>1,471,957</u>
Balance - June 30, 2008	<u><u>\$859,818</u></u>

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 <u>June 30, 2008</u>	Balance <u>June 30, 2007</u>
Prepaid Taxes	<u>\$55,543</u>	<u>\$31,498</u>
Cash Liability for Taxes Collected in Advance	<u><u>\$55,543</u></u>	<u><u>\$31,498</u></u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2008 and 2007
(continued)

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) **Miscellaneous Tax Appeals**

There are three other pending tax appeals - Safer Properties, Leeds Terminal, and U.S. Postal Service - which, if successful, could result in refunds of \$25,000 or more.

(b) **Unemployment Compensation**

The Town has received a bill for \$408,380 for delinquent Unemployment Contributions to the State of New Jersey. This bill includes \$204,907 in charges and \$203,473 in interest. The Town is researching this issue to determine the validity of the states claim.

(c) **State Pension Payments**

Discrepancies were discovered in the payroll agency account relative to pension payments to be paid in previous years. The Town is currently investigating this matter.

SUPPLEMENTARY DATA AND SCHEDULES

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	Year Ended		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Tax Rate</u>	8.776	8.276	7.910
<u>Apportionment of Tax Rate</u>			
Municipal	3.156	2.733	2.500
County	1.492	1.489	1.448
Local School	4.128	4.054	3.962
<u>Assessed Valuation</u>			
2008		\$1,071,081,556.00	
2007		\$1,066,043,901.00	
2006		\$1,059,258,862.00	

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		Cash	Percentage
<u>June 30,</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>of Collection</u>
2008	\$92,565,531	\$91,051,386	98.36%
2007	86,502,856	84,536,581	97.73
2006	80,885,948	79,366,529	98.12

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	Amount	Amount of	Total	Percentage
<u>June 30,</u>	<u>of Tax</u>	<u>Delinquent</u>	<u>Delinquent</u>	<u>of Tax Levy</u>
	<u>Title Lien</u>	<u>Taxes</u>	<u>Taxes</u>	
2008	\$6,931,842	\$1,060,257	\$7,992,099	8.63%
2007	6,606,761	1,098,696	7,705,457	8.90
2006	6,254,991	1,172,057	7,427,048	9.18

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:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2008	\$1,593,100
2007	1,512,500
2006	1,512,500

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year Ended</u> <u>June 30,</u>	<u>Balance</u> <u>June 30,</u>	<u>Utilized in Budget</u> <u>of Succeeding</u> <u>Year</u>
Current Fund	2008	\$3,937,527	\$2,500,000
	2007	987,110	0
	2006	987,110	0
	2005	2,413,254	1,949,000
	2004	1,864,185	822,000
Water Utility Operating	2008	\$820,274	\$525,154
	2007	665,281.	88,156.
	2006	298,159	0
	2005	166,918	90,000
	2004	31,577	0

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Surety Bond</u>
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	
Jill Waller	Town Clerk	
Shuaib Firozvi	Chief Financial Officer	350,000
Sharon Curran	Tax Collector	450,000
Norman A. Doyle	Municipal Court Judge	35,000
Nancy Waller	Municipal Court Administrator	35,000
Theresa McGuire	Municipal Prosecutor	
Gregory Castano	Town Attorney	
Joseph Neglia	Engineer	

A Public Employee Dishonesty Bond, in the amount of \$500,000, covers all employees except those required to file statutory bonds.

TOWN OF KEARNY, N.J.

Cash Receipts and Disbursements -Treasurer

Current Fund

Year Ended June 30, 2008

	Current Fund	Federal and State Grant Fund
Balance June 30, 2007	\$ 184,818	474,702
Increased by Receipts:		
Tax Collector	91,953,926	
Miscellaneous Revenue Not Anticipated	608,032	
Due From State of New Jersey	218,906	
Due from Urban Enterprise Zone	646,277	
Interfunds	183,443	
Petty Cash	6,950	
Revenue Accounts Receivable	33,093,953	
State and Federal Grants Receivable	2,640,943	
Reserve for Maintenance of Free Public Library with State Aid	43,468	
Tax Overpayments	92,287	
Prepaid Taxes	55,543	
Various Accounts Receivable	860,000	
Reserve for Urban Enterprise Zone		424,728
	<u>130,403,728</u>	<u>424,728</u>
	130,588,546	899,430
Decreased by:		
Current Year Budget Appropriations	61,598,670	
Petty Cash	6,950	
Appropriation Reserves	675,087	
Reserve for Maintenance of Free Public Library with State Aid	26,991	
Accounts Payable	137,853	
Tax Overpayments	92,793	
County Taxes Payable	16,174,096	
Local District School Taxes	44,019,178	
Refund of Prior Years Revenue	32,914	
Appropriated UEZ	170,753	
Grant Encumbrances	2,111,313	
Appropriated Reserves for Grants	204,983	
	<u>125,251,581</u>	
Balance June 30, 2008	\$ <u>5,336,965</u>	<u>899,430</u>

TOWN OF KEARNY, N.J.**Schedule of Cash - Change Fund****Current Fund****Year Ended June 30, 2008**

Balance June 30, 2007	\$ <u>800</u>
Balance June 30, 2008	\$ <u><u>800</u></u>

Schedule of Cash - Petty Cash**Current Fund****Year Ended June 30, 2008**

	<u>Funds</u> <u>Established</u>	<u>Funds</u> <u>Returned</u>
Public Assistance	\$ 5,000	5,000
Construction Code	150	150
Health Department	300	300
Fire Department	300	300
Police Department	600	600
Recreation Department	200	200
Purchasing Department	200	200
Department of Public Works	<u>200</u>	<u>200</u>
	\$ <u><u>6,950</u></u>	<u><u>6,950</u></u>

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, 2008

Balance June 30, 2007		\$	166,343
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	54,000	
Veterans' Deductions Per Tax Billing		162,125	
Senior Citizen's, Veteran's, and Disabled Allowed		<u>6,500</u>	
			<u>222,625</u>
			388,968
Decreased by:			
Senior Citizen Deductions Disallowed		5,110	
State Share of Senior Citizens and Veteran			
Deductions Received in Cash		<u>218,906</u>	
			<u>224,016</u>
Balance June 30, 2008		\$	<u><u>164,952</u></u>

TOWN OF KEARNY, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund								
Year Ended June 30, 2008								
Year	Balance, June 30, 2007	Levy	Collected 2007	Collected 2008	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, June 30, 2008
2007	1,098,696			1,097,081			1,615	
	1,098,696			1,097,081			1,615	
2008		92,565,531	31,948	90,801,923	217,515	377,408	3,119	1,133,618
\$	1,098,696	92,565,531	31,948	91,899,004	217,515	377,408	4,734	1,133,618
	A							

Analysis of Tax Levy

Tax yield:	
General Purpose Tax	\$ 92,282,462
Added/Omitted Taxes	283,069
	\$ 92,565,531

Tax Levy:	
Local District School Tax	\$ 44,019,178
County Tax	\$ 16,123,143
County Added and Omitted Taxes	50,953
	16,174,096
	60,193,274

Local Tax for Municipal Purposes	32,131,178
Additional Taxes	241,079
	32,372,257
	\$ 92,565,531

Exhibit A-9**TOWN OF KEARNY, N.J.****Schedule of Tax Title Liens****Current Fund****Year Ended June 30, 2008**

Balance June 30, 2007		\$	6,606,761
Increased by:			
Adjustment to Balances	28,273		
Transfers from Taxes Receivable	<u>377,408</u>		<u>405,681</u>
			7,012,442
Decreased by:			
Transfers to Property Acquired for Taxes	<u>80,600</u>		<u>80,600</u>
Balance June 30, 2008		\$	<u><u>6,931,842</u></u>

Exhibit A-10**Schedule of Property Acquired for Taxes****Current Fund****Year Ended June 30, 2008**

Balance June 30, 2007		\$	<u>1,512,500</u>
Increased by:			
Transfers from Tax Title Liens	<u>\$ 80,600</u>		<u>80,600</u>
Balance June 30, 2008		\$	<u><u>1,593,100</u></u>

TOWN OF KEARNY, N.J.

Schedule of Amount Due from Urban Enterprise Zone

Current Fund

Year Ended June 30, 2008

Balance June 30, 2007	\$ 646,277
Decreased by:	
Cash Receipts	<u>646,277</u>
Balance June 30, 2008	\$ <u> </u>

TOWN OF KEARNY, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended June 30, 2008

<u>Source</u>	<u>Balance June 30, 2007</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance June 30, 2008</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	48,355	48,355	
Other	750	92,476	93,226	
Fees and Permits		185,674	185,674	
Construction Code Official:				
Fees and Permits		432,862	432,862	
Municipal Court:				
Fines and Costs	95,017	1,142,242	1,137,985	99,274
Interest and Costs on Taxes		274,357	274,357	
Parking Meters		243,616	243,616	
Interest on Investments and Deposits		342,360	342,360	
New Jersey Meadowlands Comm.		4,099,859	4,099,859	
Hartz Mountain Lease Agreement		122,736	122,736	
Kearny Municipal Utilities Authority Sludge Removal		860,000	860,000	
Legislative Initiative Municipal Block Grant Program		158,852	158,852	
Consolidated Municipal Property Tax Relief Act		3,333,679	3,333,679	
Energy Receipts Tax		17,496,645	17,496,645	
Supplemental Energy Receipts Tax		848,652	848,652	
Garden State Trust Fund		1,039	1,039	
Municipal Homeland Security Assistance		140,000	140,000	
Extraordinary aid		1,300,000	1,300,000	
Municipal Property Tax Assistance		435,198	435,198	
KUEZ Debt Service Kearny Ave Project		648,150	648,150	
Life Hazard Use Fees - Uniform Fire Safety Act		79,099	79,099	
Federal and State Grant Fund		471,000	471,000	
Due From General Capital Fund		175,000	175,000	
New Jersey Meadowlands Comm.		210,500	210,500	
New Jersey Meadowlands Comm.-Host Community Fees		243,756	243,756	
Utility operating Surplus of Prior Year		260,000	260,000	
PILOT Payments		102,521	102,521	
	<u>\$ 95,767</u>	<u>33,748,628</u>	<u>33,745,121</u>	<u>99,274</u>
Cash		\$	33,093,953	
Interest			5,168	
Interfunds			646,000	
			<u>\$ 33,745,121</u>	

TOWN OF KEARNY, N.J.

Various Accounts Receivable

Current Fund

Year Ended June 30, 2008

Description	Balance June 30, 2007	Decreased	Balance June 30, 2008
Due from Bank - Bank Charges	\$ 171	\$ 171	
Vendor	140	140	
Kearny Municipal Utility Authority	<u>860,000</u>	<u>860,000</u>	<u> </u>
	<u>\$ 860,311</u>	<u>\$ 860,311</u>	<u> </u>

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2008

Description	Balance June 30, 2007	Added	Raised in 2008 Budget	Balance June 30, 2008
Emergency Authorizations	\$ 100,000		100,000	
Deficit in Operations	<u>407,342</u>	<u> </u>	<u>407,342</u>	<u> </u>
	<u>\$ 507,342</u>	<u> </u>	<u>507,342</u>	<u> </u>

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

Current Fund

Year Ended June 30, 2008

	Balance, June 30, 2007	2008 Budget Revenue Realized	Collections	Transferred from Unappropriated Reserves	Canceled	Balance, June 30, 2008
New Jersey Transportation Trust Fund:						
Prior Year	\$ 116,928		4,584		112,344	
Fiscal Year 2000	13,352				13,352	
Fiscal Year 2001 - Devon Street	44,147				44,147	
DOT Kearny Avenue Signal Package F (2004)	6,384				6,384	
DOT Keary Avenue Signal Package E&F (2005)	223,000				223,000	
Kearny Ave Signal-2003	75,762				75,762	
Hazardous Discharge Site Remediation Fund:						
528 Elm Street Corporation	59,444				59,444	
Meadowlands Gas Station	12,978				12,978	
Hudson County Improvement Authority - Prior	28,000				28,000	
Kearny Urban Enterprise Zone:						
Fiscal Year 2001 Administration	50,014				50,014	
Fiscal Year 2003 Administration	57,882				57,882	
Kearny Ave Streetscape Extension - III	107,066		6,400		100,666	
Business Development Revolving Loan - 2002	339,947		330,347		9,600	
Bergen Avenue Extension - 2002	101,424		98,043		3,381	
Jacobus Avenue	476,270					476,270
Marketing and Zone Promotion Strategy	3,892		3,892			
Kearny Avenue Extension Streetscape - Phase II	223,528		42,683		180,845	
Zone Security Surveillance Camera	48,180				48,180	
HMDC Recycling Grant	1,000				1,000	
Hazardous Discharge Site Remediation:						
681-697 Schulyer Avenue	49,922				49,922	
U.S. Soccer Federation Grant	30,000				30,000	
Library-Verizon Literacy	3,000				3,000	
Library-Bill Gates Computers	25,400				25,400	
Stop Violence	3,000				3,000	
Library Webpac Grant	27,750				27,750	
Law Enforcement Block Grant-2002	30,137				30,137	
Tree Planting	7,500				7,500	
Body Armor Grant-2004	11,331				11,331	
KUEZ Redevelopment-2004	14,795				14,795	
KUEZ Administration-2004	141,733				141,733	
2003 Bullet Proof Vest Grant (2004 Budget)	6,986		6,986			
Homeland Security-2004	100,000				100,000	
State Police Grant-2004	4,000				4,000	
Green Acres	574,500				574,500	
Local Aid - Center of Place	20,000				20,000	
LLEBG Police-2003	20,338				20,338	
Federal Emergency Management	4,000				4,000	
2004 Bullet Proof Vest Partnership	11,100		7,459			3,641
KUEZ Administration - FY05	64,151				64,151	
Federal Recreation Trails Program	15,000		22,486		(10,000)	2,514
NJMC Stormwater Management	11,500		10,483		1,017	
Smart Growth Planning Grant	55,000		54,550		450	
Recreation for Individuals with Disabilities-2005	6,500		6,500			
FY 2006 Grants:						
FY 2005 Buffer Zone Protection Program	49,959		49,958		1	
Homeland Security-2006	79				79	
Homeland Security-2006	40,000		39,990		10	

TOWN OF KEARNY, N.J.
Schedule of Grants Receivable

Current Fund

Year Ended June 30, 2008

	Balance, June 30, <u>2007</u>	2008 Budget Revenue <u>Realized</u>	<u>Collections</u>	Transferred from Unappropriated <u>Reserves</u>	<u>Canceled</u>	Balance, June 30, <u>2008</u>
Municipal Stormwater Regulation	5,155		5,155			
Aggressive Drivers Grant	150				150	
2005 Justice Assistance Grant	13,787		13,787			
2006 Hudson County Office on Aging	4,986				4,986	
U.S. Soccer Foundation Grant	100,000					100,000
FY 07 New Jersey Transit Grant	38,308		15,141		23,167	
FY 05 Bullet Proof Vest	12,675					12,675
2006 Tobacco Age of Sale Enforcement	2,580		2,580			
Municipal Alliance	46,492		46,492			
KUEZ - Marketing and Zone Promotion Phase II	280,000		204,172			75,828
KUEZ - Business Development Revolving Loan	300,000		113,614			186,386
KUEZ - Kearny Ave Streetscape Extension	1,947,325		1,151,591			795,734
KUEZ - Zone Fire Engine - Custom Pumper	175,000					175,000
State Local Co-op Housing Inspection Program	20,000				20,000	
Hudson County OEM State Homeland Security	10,861		10,861			
2006 Bullet Proof Vest	9,735					9,735
2006 Hudson County Office on Aging	2,335				2,335	
2007 ROIDS grant	4,460		4,460			
2007 MAP Grant	100,000		100,000			
2007 Pandemic Influenza Preparedness Grant	10,597		10,597			
KUEZ - Administrative FY 08	407,342				204,515	202,827
2007 Office on Aging	25,238		25,238			
2007 Justice Assistance Grant	15,315					15,315
Speed Enforcement Grant	4,000		4,000			
Body Armor Grant		13,121	13,121			
State Homeland Security Grant Program		16,000				16,000
Assistance to Firefighters Grant		37,782				37,782
Drunk Driving Enforcement Grant		41,675	41,675			
Homeland Security Grant		71,000				71,000
Emergency Management Grant FY 07		10,000	10,000			
Jersey Fresh		400	400			
NJ Transit Grant		30,000	12,018			17,982
Health Office on Aging Title III Older Americans		40,000	14,764			25,236
Pandemic Flu Preparedness		9,417				9,417
Tobacco Age of Enforcement		180	180			
DCA-Recreation for Individuals with Disabilities		10,000				10,000
Library Grant		500	500			
NJ State Library Computer Security		5,300		5,300		
Paris Grant		50,000	25,000			25,000
NJMC Municipal Assistance		20,000				20,000
Over the Limit Under Arrest		5,000	2,600		2,400	
Obey the Signs Pay the Fines		4,000				4,000
Clean Communities Grant		34,874	34,874			
Public Health Priority Funding		34,778	23,220			11,558
UEZ Marketing and Zone Promotion		75,000				75,000
UEZ Marketing and Zone Promotion		50,000				50,000
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				3,250
UEZ Shopping Bus Year 1		107,345				107,345

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

Current Fund

Year Ended June 30, 2008

	Balance, June 30, <u>2007</u>	2008 Budget Revenue <u>Realized</u>	<u>Collections</u>	Transferred from Unappropriated <u>Reserves</u>	<u>Canceled</u>	Balance, June 30, <u>2008</u>
UEZ Barszewski Street Construction		125,125				125,125
UEZ Kearny Ave Streetscape IV		193,500				193,500
UEZ Marketing and Zone Promotion 2		48,000				48,000
UEZ Kearny Clean Project 2008		164,505				164,505
UEZ Public Safety Project - Year 1		99,998				99,998
Recycling Tonnage Grant		9,112	9,112			
Municipal Alliance		58,070	1,250			56,820
NJDEP Wastewater Treatment Fund		62,977	60,180		1,545	1,252
NJDEP 08 Green Communities Grant		3,000				3,000
Municipal Assistance Program		100,000				100,000
	<u>\$ 6,853,220</u>	<u>1,605,009</u>	<u>2,640,943</u>	<u>5,300</u>	<u>2,409,191</u>	<u>3,402,795</u>

Town of Kearny
Schedule of Appropriation Reserves

Current Fund

Year Ended June 30, 2008

	Balance, June 30, <u>2007</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages:				
Mayor and Council	63	63		63
Police	483	483		483
Zoning	1,000	1,000		1,000
Board of Appeals	296	296		296
Other Expenses:				
Administrative	240	18,024	15,709	2,315
Mayor and Council	1,621	2,796	1,175	1,621
Clerk	523	1,723	1,144	579
Finance		38,121	33,994	4,127
Elections		75		75
Legal	17	101,018	100,336	682
Prosecutor	1,000	1,000		1,000
Audit Fees		20,440	20,440	
Engineering		1,667	1,667	
Beautification		363	292	71
Publicity and Industrial Development	36	36		36
Treasurer	3,711			
Assessment of Taxes	1,334	1,359		1,359
Collection of Taxes	371	753	382	371
Police	13,727	61,191	49,813	11,378
Fire	2,432	33,101	21,942	11,159
Emergency Management Services	49	3,515	3,466	49
Board of Health	2,549	2,999	150	2,849
Board of Health-Contractual Agreement	63	63		63
Meals on Wheels	3,783	3,783		3,783
Road Repairs and Maintenance	3,046			
Shade Tree	906	32,877	32,043	834
Public Buildings and Grounds	437	9,556	9,556	
Streets and Roads		13,963	13,963	
Rental of Pumps		9,615	9,615	
Vehicle Maintenance	6	17,895	13,295	4,600
Unified Recreation Committee	241			
Town Historian	500	500		500
Parks and Recreation		8,278	5,649	2,629
Celebration of Public Events	219	799	116	683
Senior Citizen Center	636	636		636
Information Systems		3,709	3,535	174
Construction Code Enforcement		36,404	36,404	
Zoning Commission	228	9,325	9,188	137
Board of Appeals	1,627	1,627		1,627
Planning Board	152	10,910	7,466	3,444

Town of Kearny
Schedule of Appropriation Reserves

Current Fund

Year Ended June 30, 2008

	Balance, June 30, 2007	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Electricity and Gas	28,696	40,693	34,128	6,565
Street Lighting	20,000	51,298	46,391	4,907
Communications	20,688	28,807	10,971	17,836
Block Parents Program	8	1,000	992	8
Fuel Oil	1,614	7,743	7,118	625
Bailer Fees	61,403	5,552	1,490	4,062
Social Security System (OASI)	120	120		120
Consolidated police and Firemans Retirement System	412	412		412
Public Employees Retirement System		15,200		15,200
Unemployment Insurance	14,743	14,744	3,401	11,343
Deferred Emergency Authorization		89,149	89,149	
Municipal Court	1,352	2,774	1,410	1,364
Passaic Valley Sewer Commission: Share of Costs	80,382	80,382		80,382
Maintenance of Public Library (Ch. 82 & 541, P.L. 1985) Contribution	23,178	27,491	27,491	
Employee Hospitalization	95,380	99,867	99,867	
Other Insurance	167	167		167
TOTAL	\$ 389,439	915,362	713,748	201,614
	Encumbrances	\$ 525,923		
	Appropriation Reserves	389,439		
		\$ 915,362		
	Transferred to Accounts Payable	\$ 38,661		
	Cash	675,087		
		\$ 713,748		

TOWN OF KEARNY, N.J.

Schedule of Reserve for Library Expenditures

Current Fund

Year Ended June 30, 2008

Balance June 30, 2007	\$	60,747
Increased by:		
State Library Aid		<u>43,468</u>
		104,215
Decreased by:		
Library Aid Expenditures		<u>26,991</u>
Balance June 30, 2008	\$	<u><u>77,224</u></u>

Schedule of Accounts Payable

Current Fund

Year Ended December 31, 2008

Balance June 30, 2007	\$	177,667
Increased by:		
Transferred from Appropriation Reserves		<u>38,661</u>
		216,328
Decreased by:		
Canceled	39,814	
Payments	<u>137,853</u>	<u>177,667</u>
Balance June 30, 2008	\$	<u><u>38,661</u></u>

TOWN OF KEARNY, N.J.

Schedule of Tax Overpayments

Current Fund

Year Ended June 30, 2008

Balance June 30, 2007	\$ 21,993
Increased by:	
Collections	<u>92,287</u>
	114,280
Decreased by:	
Refunds	<u>92,793</u>
Balance June 30, 2008	\$ <u><u>21,487</u></u>

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Current Fund

Year Ended June 30, 2008

<u>Fund</u>	Balance June 30, <u>2007</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2008</u>
Federal and State Grant Fund	\$ 1,453,942	2,316,296	3,089,792	680,446
Other Trust Fund				
Other	8,408	102	8,408	102
General Capital Fund	175,035		175,035	
	<u>\$ 1,637,385</u>	<u>2,316,398</u>	<u>3,273,235</u>	<u>680,548</u>

Analysis of Changes

Receipts	\$	183,443
Interest		102
Matching Funds		121,029
Grant Encumbrances	2,111,313	
Grants Receivable		2,640,943
Grant expenditures	204,983	
Grants-Canceled, net		<u>327,820</u>
	\$	<u>2,316,398</u>
		<u>3,273,235</u>

TOWN OF KEARNY, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended June 30, 2008

Increased by:

Levy	\$ 16,123,143
Added Assessments	<u>50,953</u>

16,174,096

Decreased by:

Payments	\$ <u>16,174,096</u>
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Schedule of Local District School Taxes Payable

Current Fund

Year Ended June 30, 2008

Increased by:

Levy	\$ <u>44,019,178</u>
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Decreased by:

Payments	\$ <u>44,019,178</u>
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TOWN OF KEARNY, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended June 30, 2008

Balance June 30, 2007	\$	31,948
Increased by:		
Collections		<u>55,543</u>
		87,491
Decreased by:		
Applied to 2008 Taxes Receivable		<u>31,948</u>
Balance June 30, 2008	\$	<u><u>55,543</u></u>

TOWN OF KEARNY, N.J.

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Year Ended June 30, 2008

<u>Program</u>	Balance, June 30, <u>2007</u>	<u>Received</u>	Anticipated Revenue in <u>2007</u>	Balance, June 30, <u>2008</u>
NJ State Library Computer Security Grant	<u>5,300</u>	<u> </u>	<u>5,300</u>	<u> </u>
	<u>5,300</u>	<u> </u>	<u>5,300</u>	<u> </u>

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Federal and State Grant Fund

Year Ended December 31, 2008

	Balance, June 30, <u>2007</u>	<u>Increase</u>	<u>Decrease</u>	Balance, June 30, <u>2008</u>
Current Fund	\$ (1,453,942)	2,316,296	3,089,792	(680,446)
	<u>\$ (1,453,942)</u>	<u>2,316,296</u>	<u>3,089,792</u>	<u>(680,446)</u>

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Year Ended June 30, 2008

<u>Grant</u>	Balance, June 30, 2007	2008 Grants Budgeted	Expenditures	Re- allocations	Canceled	Balance, June 30, 2008
New Jersey Department of Transportation:						
Pothole Repair Program	680				(680)	
Discretionary Aid	19,623				(19,623)	
Hazardous Discharge Site Remediation Fund:						
Bergen Avenue	296				(296)	
528 Elm Street Corporation	51,389				(51,389)	
199 Devon Avenue	6,300				(6,300)	
Belgrove Drive Property	1,930				(1,930)	
50 Belgrove Drive	19,926				(19,926)	
Hudson County Law Enforcement Trust Fund	4				(4)	
Kearny Urban Enterprise Zone:						
Streetscape Fiscal Year 2001	97,268				(97,268)	
Marketing	172		(745)		(917)	
6 Jacobus Avenue	262,762					262,762
Surveillance Cameras	43,745		(201)		(43,946)	
Streetscape III	158,003				(158,003)	
Business Development Revolving Loan - 2002	9,241				(9,241)	
New Jersey Transportation Trust Fund:						
Fiscal Year 2001 - Wilson Avenue	41,121				(41,121)	
Fiscal Year 2001 - Devon Street	34,589				(34,589)	
Library Grant	9				(9)	
Body Armor Grant	59			(59)		
Senior Health Grant	2,500				(2,500)	
Hackensack Meadowlands Development Corp.	37,978				(37,978)	
New Jersey Preventitive Smoking	3,050				(3,050)	
Hudson County Improvement Authority	500				(500)	
FY 1999-01 UEZ Grants Administration	116,091				(116,091)	
New Jersey Department of Transportation:						
Kearny Ave Signal-2002 Phase B	27,103		(32,172)		(59,275)	
Kearny Urban Enterprise Zone:						
Administrative Fees-2003	65,757		(200)		(65,957)	
Public Relations and Marketing	56,377		(1,576)		(57,953)	
Police-2002	56,279				(56,279)	
Bergen Avenue Extension				9,800	(9,800)	
KUEZ Redevelopment-2000	443		(15,235)	(9,800)	(5,878)	
KUEZ Administration-2004	86,196				(86,196)	
NJ Transit-Bus 2004	6		(285)		(291)	
Green Acres Waterfront Acquisition	558,500		(10,000)		(568,500)	
Comcast Grant	1,394				(1,394)	
2004 Bullet Proof Vest Fund			(1,934)	1,934		3,868
Body Armor Grant - 2004	156			(156)		
KUEZ Administration-2005	73,014		(3,150)		(76,164)	
Recycling Tonnage	79		79			
DOT Keary Avenue Signal Package E&F	138,413				(138,413)	
Federal Recreation Trails Program	23,500		23,500			
State ABC	6,000				(6,000)	
Federal OEM Grant	2,406		2,406			
NJMC Stormwater Management	6,017		5,000		(1,017)	
Municipal Stormwater Regulation	20,619				(20,619)	
FY 2006 Grants:						
FY 2005 Buffer Zone Protection Program	1				(1)	

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Year Ended June 30, 2008

<u>Grant</u>	<u>Balance,</u> <u>June 30,</u> <u>2007</u>	<u>2008 Grants</u> <u>Budgeted</u>	<u>Expenditures</u>	<u>Re-</u> <u>allocations</u>	<u>Canceled</u>	<u>Balance,</u> <u>June 30,</u> <u>2008</u>
Homeland Security-2006	79				(79)	
Homeland Security-2006	10				(10)	
Municipal Stormwater Regulation	20,619				(20,619)	
Body Armor Replacement Funds - 2005	430			(430)		
2005 Justice Assistance Grant	1,571		1,571			
2006 Hudson County Office on Aging	4,986				(4,986)	
FY 05 Recycling Tonnage Grant	134		134			
U.S. Soccer Foundation Grant	100,000					100,000
FY 2007 Grants:						
We the People Grant-Library	1				(1)	
FY 07 New Jersey Transit Grant	35,692		12,525		(23,167)	
2005 Bullet Proof Vest	8,630		(4,045)			12,675
2005 Bullet Proof Vest Local Match	12,675					12,675
Municipal Alliance	42,396		42,396			
Municipal Alliance Local Match	11,936		11,936			
State Local Co-op Housing Inspection Program	20,000				(20,000)	
NJ Council for the Humanities - Library	21				(21)	
2006 Bullet Proof Vest	9,735			9,735		19,470
2006 Hudson County Office on Aging	2,335				(2,335)	
2007 ROIDS grant	6,862		6,862			
2006 Body Armor Grant	3,699			646		4,345
2007 MAP Grant	1,375		1,375			
KUEZ - Marketing and Zone Promotion Phase II	100,489		45,145			55,344
KUEZ - Business Development Revolving Loan	185,000		12,593			172,407
KUEZ - Kearny Ave Streetscape Extension	14,177		(490)			14,667
KUEZ - Zone Fire Engine - Custom Pumper	175,000		175,000			
2007 Pandemic Influenza Preparedness Grant	9,786		9,536			250
2007 Clean Communities	33,236		7,809			25,427
Jersey Fresh Grant	400		400			
KUEZ - Administrative FY 08	407,342		149,988		(207,110)	50,244
2007 Office on Aging	25,238		25,238			
2007 Justice Assistance Grant	15,315					15,315
Speed Enforcement Grant	4,000		4,000			
Body Armor Grant		13,121				13,121
State Homeland Security Grant Program		16,000				16,000
Assistance to Firefighters Grant		37,782	41,980	4,198		
Drunk Driving Enforcement Grant		41,675				41,675
Homeland Security Grant		71,000				71,000
Emergency Management Grant FY 07		10,000				10,000
Jersey Fresh		400				400
NJ Transit Grant		30,000	14,523			15,477
Health Office on Aging Title III Older Americans		40,000	7,382			32,618
Pandemic Flu Preparedness		9,417				9,417
Tobacco Age of Enforcement		180	180			
DCA-Recreation for Individuals with Disabilities		10,000		2,000		12,000
Library Grant		500	500			
NJ State Library Computer Security		5,300	5,300			
Paris Grant		50,000				50,000
NJMC Municipal Assistance		20,000				20,000
Over the Limit Under Arrest		5,000	2,600		(2,400)	
Obey the Signs Pay the Fines		4,000				4,000
Clean Communities Grant		34,874	28,925			5,949

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Year Ended June 30, 2008

Grant	Balance, June 30, 2007	2008 Grants Budgeted	Expenditures	Re- allocations	Canceled	Balance, June 30, 2008
Public Health Priority Funding		34,778	23,220			11,558
UEZ Marketing and Zone Promotion		75,000	75,000			
UEZ Marketing and Zone Promotion		50,000	18,330			31,670
UEZ Kearny Ave Streetscape IV		13,600	13,600			
UEZ Business Development Revolving Loan		22,500	15,000			7,500
UEZ Zone Fire Engine Custom Pumper		35,000	35,000	14,318		14,318
Gates Foundation Opportunity Grant		3,250				3,250
UEZ Shopping Bus Year 1		107,345	58,485	24,327		73,187
UEZ Barszcewski Street Construction		125,125				125,125
UEZ Kearny Ave Streetscape IV		193,500	40,494			153,006
UEZ Marketing and Zone Promotion 2		48,000				48,000
UEZ Kearny Clean Project 2008		164,505	19,731	16,500		161,274
UEZ Public Safety Project - Year 1		99,998		25,000		124,998
Recycling Tonnage Grant		9,112				9,112
Municipal Alliance		58,070	8,709	14,516		63,877
NJDEP Wastewater Treatment Fund		62,977			(1,545)	61,432
NJDEP 08 Green Communities Grant		3,000	3,000	1,500		1,500
Municipal Assistance Program		100,000	100,000			
Federal Recreation Trails Program			7,000	7,000		
	<u>\$ 3,282,665</u>	<u>1,605,009</u>	<u>986,419</u>	<u>121,029</u>	<u>(2,081,371)</u>	<u>1,940,913</u>

Budget Appropriations \$
Appropriations by 40a:4-87 1,605,009

\$ 1,605,009

Cash \$ 204,983
Encumbrances 781,436

\$ 986,419

TOWN OF KEARNY, N.J.

Schedule of Cash

Trust Funds

Year Ended June 30, 2008

	Animal Trust Fund	Other Trust Fund	Self- Insurance Trust Fund
Balance - June 30, 2007	\$ 16,336	3,280,821	638,077
Increased by Receipts:			
Reserve for Animal Trust Expenditures	82,914		
Community Development		792,115	
Interfunds		200,102	
Current Fund Appropriation			1,600,000
Void checks	964		
Amount Due to the State of New Jersey	3,371		
Other Trust Funds		2,001,111	
Refunds			78,996
Interest on Investments			14,702
Total Receipts	87,249	2,993,328	1,693,698
	103,585	6,274,149	2,331,775
Decreased by Disbursements:			
Reserve for Animal Trust Expenditures	86,492		
Interfunds		8,408	
Amount Due to the State of New Jersey	3,371		
Miscellaneous Reserve		422	
Other Trust Funds		1,507,830	
Community Development		497,607	
Self-Insurance Liability			1,471,957
Total Disbursements	89,863	2,014,267	1,471,957
Balance - June 30, 2008	\$ 13,722	4,259,882	859,818

Exhibit B-3

TOWN OF KEARNY, N.J.

Schedule of Assessments Receivable - Unpledged

Assessment Trust Fund

Year Ended June 30, 2008

Balance - June 30, 2007 \$ 1,136

Balance - June 30, 2008 \$ 1,136

Exhibit B-4

Schedule of Assessments Liens Receivable - Unpledged

Assessment Trust Fund

Year Ended June 30, 2008

Balance - June 30, 2007 \$ 292

Balance - June 30, 2008 \$ 292

TOWN OF KEARNY, N.J.

Schedule of Miscellaneous Reserve

Other Trust Fund

Year Ended June 30, 2008

Balance - June 30, 2007	\$	422
Decreased by:		
Canceled		<u>422</u>
Balance - June 30, 2008	\$	<u><u> </u></u>

TOWN OF KEARNY, N.J.

Schedule of Due to State of New Jersey

Animal Trust Fund

Year Ended June 30, 2008

	Dog License <u>Fees</u>
Balance - June 30, 2007	\$
Increased by:	
Dog License Fees	<u>3,371</u>
	3,371
Decreased by:	
Payments	\$ <u><u>3,371</u></u>
Balance - June 30, 2008	\$ \$ <u><u>-</u></u>

TOWN OF KEARNY, N.J.

Schedule of Other Accounts Receivable

Other Trust Fund

Year Ended June 30, 2008

Balance - June 30, 2007	\$ <u>47,443</u>
-------------------------	------------------

Balance - June 30, 2008	\$ <u><u>47,443</u></u>
-------------------------	-------------------------

TOWN OF KEARNY, N.J.

Schedule of Community Development Receivables

Other Trust Fund

Year Ended June 30, 2008

	Balance <u>June 30, 2007</u>	<u>Awards</u>	<u>Receipts</u>	Adjustments/ <u>Canceled</u>	Balance <u>June 30, 2008</u>
1998-	\$				
Street Construction				13,759	13,759
Arlington Park Imp	13,759			(13,759)	
Facade Imp Program	28,016				28,016
1999-					
Facade Imp Program				5,702	5,702
Community Police Site	5,702			(5,702)	
2001-					
Street Reconstruction	642		642		
2002-					
Street Reconstruction	67,159		67,159		
2003-					
Branch Library Exterior Reconstruction	12,412		12,412		
Façade Imp Program	2,023				2,023
2004-					
Harvey Field House	65,055				65,055
Street Reconstruction	68,650		68,650	83,676	83,676
Branch Library Exterior Reconstruction	105,746		22,070	(83,676)	
2005-					
Branch Library Exterior Reconstruction	78,270			(78,270)	
Street Reconstruction	306,500		306,500	78,270	78,270
Harvey Field House	20,420				20,420
2006-					
Street Reconstruction	300,000		300,000		
2007					
Harvey Field House-Bathroom		300,000	14,682		285,318
	<u>\$ 1,074,354</u>	<u>300,000</u>	<u>792,115</u>		<u>582,239</u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Animal Trust Fund Expenditures

Animal Trust Fund

Year Ended June 30, 2008

Balance - June 30, 2007	\$	16,336
Increased by:		
Budget Appropriation	\$	60,000
Void Check		964
Animal License Fees		<u>22,914</u>
		<u>83,878</u>
		100,214
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>86,492</u>
Balance - June 30, 2008	\$	<u><u>13,722</u></u>

License fees collected

<u>Year</u>	<u>Amount</u>
2007	12,133
2006	<u>13,136</u>
	<u><u>25,269</u></u>

TOWN OF KEARNY, N.J.

Schedule of Reserves

Other Trust Fund

Year Ended June 30, 2008

	Balance <u>June 30, 2007</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>June 30, 2008</u>
Recreation	\$ 168,798	138,332	110,712	196,418
Swim Pool	44,564	5,100	228	49,436
Affordable Housing	560,149	17,221	15,000	562,370
Landfill Closure	398,474			398,474
POAA	119,135	21,164	40,450	99,849
Public Defender Files	2,765	18,939	19,314	2,390
Dedicated Fire Penalties	53,835	3,710	10,091	47,454
Escrow Deposits	219,529	296,741	300,007	216,263
Elevator Inspection Fees	39,269		39,269	
Special Deposits	36,237			36,237
Performance Deposits	273,412		41,923	231,489
Bond	101,913		213	101,700
Law Enforcement Trust Fund	10,857	4,932		15,789
DARE Program	10,228	6,226	7,754	8,700
Tax Title Lien Premiums	169,800	868,300	299,800	738,300
Public Library Trust				
Donations - Reserved Principal	10,000			10,000
Donations - Unreserved Interest	252	198		450
Donations - Unreserved	1,300			1,300
Various Donations	59,224	26,392	54,016	31,600
Domestic Violence	1,500			1,500
Police Overtime	134,619	527,250	504,986	156,883
Leaf Bags	18		18	
Sewer Repairs	27,000		27,000	
Recreation Umpire	1,210	34,490	32,780	2,920
Miscellaneous	9,422	1,950	3,450	7,922
Recycling Containers		44	44	
DEA Fund	76,536	3,350	775	79,111
UDAG	1,007,120	26,772		1,033,892
	<u>\$ 3,537,166</u>	<u>2,001,111</u>	<u>1,507,830</u>	<u>4,030,447</u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Community Development Block Grants

Other Trust Fund

Year Ended June 30, 2008

	Balance June 30, 2007	Awards	Disbursements	Adjustments/ Canceled	Balance June 30, 2008
1995-					
Façade Imp Program					
1998-					
Community Center Project					
Arlington Park	13,759			(13,759)	
Harvey Field House					
Kearny Avenue Reconstruction					
Façade Imp Program	28,016				28,016
Street Reconstruction	718			13,041	13,759
1999-					
Community Police Site	5,702			(5,702)	
Façade Imp Program				5,702	5,702
2001-					
Kearny Avenue Reconstruction					
Street Reconstruction	3,989			(3,989)	
2002-					
Street Reconstruction	67,159				67,159
Kearny Avenue Reconstruction					
Kearny Avenue Reconstruction					
2003-					
Senior Health Services					
Senior Health Education					
Branch Library Exterior Renovations	12,412		12,412		
Façade Imp Program	2,023				2,023
2004-					
Harvey Field House	65,055				65,055
Street Reconstruction	46,853		31,479	88,383	103,757
Branch Library Exterior Renovations	105,746		22,070.00	(83,676)	
Kearny Avenue Reconstruction					
2005-					
Branch Library Exterior Renovations	78,270			(78,270)	
Street Reconstruction	306,500		306,500	78,270	78,270
Harvey Field House	20,420				20,420
2006-					
Street Reconstruction	300,000		102,121		197,879
2007-					
Harvey Field House-Bathroom		300,000	23,025		276,975
	<u>\$ 1,056,622</u>	<u>300,000</u>	<u>497,607</u>		<u>859,015</u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Self-
Insurance Trust Fund Expenditures

Self-Insurance Trust Fund

Year Ended June 30, 2008

Balance - June 30, 2007		638,077
Increased by:		
Budget Appropriations		
Current Fund	\$ 1,600,000	
Interest on Investments	14,702	
Reimbursements	<u>78,996</u>	
		<u>1,693,698</u>
		2,331,775
Decreased by:		
Payment of Claims		<u>1,471,957</u>
Balance - June 30, 2008	\$	<u><u>859,818</u></u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Assessments and Liens

Assessment Trust Fund

Year Ended June 30, 2008

Balance - June 30, 2007	\$ <u>1,334</u>
Balance - June 30, 2008	\$ <u><u>1,334</u></u>

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Other Trust Fund

Year Ended June 30, 2008

<u>Fund</u>	Balance June 30, 2007	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2008
General Capital Fund	200,000		200,000	
Current Fund	<u>(8,408)</u>	<u>102</u>	<u>8,408</u>	<u>(102)</u>
	\$ <u>191,592</u>	<u>102</u>	<u>208,408</u>	<u>(102)</u>
Due from	\$ 200,000		200,000	
Due (to)	<u>(8,408)</u>	<u>102</u>	<u>8,408</u>	<u>(102)</u>
	\$ <u>191,592</u>	<u>102</u>	<u>208,408</u>	<u>(102)</u>

Analysis of Changes

Receipts	\$	102	200,000
Disbursements			8,408
Budget			
Interest on Investments			
	\$	<u>102</u>	<u>208,408</u>

TOWN OF KEARNY, N.J.

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

Other Trust Fund

Year Ended June 30, 2008

<u>Fund</u>	Balance June 30, 2007	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2008
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
	<u>\$</u>	<u></u>	<u></u>	<u></u>
Due from	\$ 514,005			514,005
Due (to)	(514,005)			(514,005)
	<u></u>	<u></u>	<u></u>	<u></u>

Analysis of Changes

Exchange

\$ _____

\$ _____

TOWN OF KEARNY, N.J.

Schedule of Cash

General Capital Fund

Year Ended June 30, 2008

Balance, June 30, 2007		\$	98,236
Increased by Receipts:			
Grants	\$	1,204,863	
Loans		4,337,265	
Serial Bonds		10,305,000	
Schedule of Reserves		286,466	
Capital Improvement Fund		<u>100,000</u>	
			<u>16,233,594</u>
			16,331,830
Decreased by Disbursements:			
Bond Anticipation Notes		8,678,471	
Improvement Authorizations		5,563,734	
Interfunds		<u>375,035</u>	
			<u>14,617,240</u>
Balance, June 30, 2008		\$	<u><u>1,714,590</u></u>

TOWN OF KEARNY, N.J.

Analysis of Cash

General Capital Fund

Year Ended June 30, 2008

Reserve for Receivables	\$ 1,376,688
Reserve for Payment of Notes	788,458
Reserve for Green Trust	258
Capital Improvement Fund	104,599
Fund Balance	148,678
Department of Transportation Grants	(110,278)
Green Acres Grants	(538,344)
Hudson County Open Space Grants	(410,000)
N.J. Environmental Infrastructure Trust Loans Receivable	(1,466,668)
Green Acres Loans	(538,344)

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
2001-51	Improvements to Kearny Avenue	937,009
2002-10	Various Capital Improvements	90,000
2004-25	Improvements to Solids and Floatables Facility	(507,878)
2006-09	Riverbank Skateboard Park	108,818
2006-37	Recreation Facility Lighting	185,305
2006-63	Various Road and Sewer Improvements	28,370
2007-03	Supplemental-Street Resurfacing Davis Avenue	244,145
2007-12	Improvement to Belgrove Dr Playground	342,943
2007-52	Various Capital Improvements	18,592
2008-03	Acquisition of Equipment	41,392
2008-28	Various Capital Improvements	870,847
		<u>\$ 1,714,590</u>

TOWN OF KEARNY, N.J.
Schedule of Grants Receivable
General Capital Fund
Year Ended June 30, 2008

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance, June 30, 2007</u>	<u>Awarded</u>	<u>Reduced</u>	<u>Balance, June 30, 2008</u>
	CDBG Grants:				
1997-34	Sewer/Fueling Station/Public Works	300,000		300,000	
1997-34	Town Community Center	150,000		150,000	
		<u>450,000</u>		<u>450,000</u>	
	DOT Grants:				
2006-15	Repaving of Belgrove Drive	105,000		105,000	
2007-03	Supplemental-Street Resurfacing Davis Avenue	300,000		189,722	110,278
		<u>405,000</u>		<u>294,722</u>	<u>110,278</u>
	EDA Grants:				
2004-25	Improvements to CSO Control Facility	281,513		281,513	
2005-03	Construction of Infrastructure Improvements	186,620		186,620	
		<u>468,133</u>		<u>468,133</u>	
	Green Acres Grants:				
2006-08	Reconstruction of Bell Playground	302,632		294,478	8,154
2006-09	Riverbank Skateboard Park	138,690			138,690
2007-12	Improvement to Belgrove Playground	391,500			391,500
		<u>832,822</u>		<u>294,478</u>	<u>538,344</u>

TOWN OF KEARNY, N.J.
Schedule of Grants Receivable
General Capital Fund
Year Ended June 30, 2008

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance, June 30, 2007</u>	<u>Awarded</u>	<u>Reduced</u>	<u>Balance, June 30, 2008</u>
2007-30	Urban Enterprise Zone Grants: Various Capital Improvements	<u>745,000</u>	<u> </u>	<u>745,000</u>	<u> </u>
		<u>745,000</u>	<u> </u>	<u>745,000</u>	<u> </u>
2007-12	Hudson County Open Space Grants: Improvement to Belgrove Playground	<u>300,000</u>			<u>300,000</u>
2007-30	Various Capital Improvements	<u>110,000</u>	<u> </u>	<u> </u>	<u>110,000</u>
		<u>410,000</u>	<u> </u>	<u> </u>	<u>410,000</u>
			Cash	1,204,863	
			Cancelled Green Acres	115,850	
			Cancelled EDA	186,620	
			Cancelled UEZ	<u>745,000</u>	
				<u>2,252,333</u>	

TOWN OF KEARNY, N.J.

Schedule of Loans Receivable

General Capital Fund

Year Ended June 30, 2008

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance, June 30, 2007</u>	<u>Awarded</u>	<u>Reduced</u>	<u>Balance, June 30, 2008</u>
Environmental Infrastructure Loans:					
2002-59	Riverbank Park	\$ 332,961		(104,636)	437,597
2004-25	Improvements to CSO Control Facilities	<u>801,447</u>	<u>4,878,250</u>	<u>4,650,626</u>	<u>1,029,071</u>
		<u>1,134,408</u>	<u>4,878,250</u>	<u>4,545,990</u>	<u>1,466,668</u>
Green Acres Loans:					
2006-08	Reconstruction of Bell Playground	302,632		294,478	8,154
2006-09	Riverbank Skateboard Park	138,690			138,690
2007-12	Improvements to Belgrove Drive Playground	<u>391,500</u>			<u>391,500</u>
		<u>832,822</u>		<u>294,478</u>	<u>538,344</u>
			Cash	4,337,265	
			Cancelled EIT	387,353	
			Cancelled Green Acres	<u>115,850</u>	
				<u>4,840,468</u>	

TOWN OF KEARNY, N.J.

Schedule of Deferred Charges to Future
Taxation - Funded

General Capital Fund

Year Ended June 30, 2008

Balance, June 30, 2007		\$	46,840,346
Increased by:			
EIT Loans Issued			4,878,250
Serial Bonds Issued			<u>10,305,000</u>
			62,023,596
Decreased by:			
Serial Bonds Paid by Current Year			
Budget Appropriations	\$	540,000	
N.J. Wastewater Loans Paid by			
Current Year Budget Appropriations		343,393	
Green Acres Loans Paid by Current			
Year Budget Appropriations		<u>26,132</u>	
			<u>909,525</u>
Balance, June 30, 2008		\$	<u><u>61,114,071</u></u>

TOWN OF KEARNY, N.J.

Schedule of Deferred Charges to
Future Taxation - Unfunded

General Capital Fund

Year Ended June 30, 2008

Ordinance Number	Improvement Description	Balance June 30, 2007	Authorizations	Funded	Balance June 30, 2008	Analysis of Balance - June 30, 2008			
						Financed by	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
General Improvements:									
1997-44	Planning and Design - Combined Sewer System	\$ 328,848		328,848					
1997-53	Acquisition of Equipment for Department of Public Works	377,837		377,837					
1998-26	Sewer Separation Project	149,944		149,944					
1998-31	Multi-Purpose								
	a. Roadway Improvements	469,653		469,653					
	b. Improvements to Various Playgrounds	290,047		290,047					
1998-53	Sewer Separation and Sewer Overflow Project	758,137		758,137					
1999-32	Police Communications System	47,000		47,000					
2000-36	Multi-Purpose								
	a. Roadway Improvements	135,000		135,000					
	b. UST Removal and Monitoring	7,020		7,020					
2001-30	Multi-Purpose								
	a. Various Road Improvements	200,746		200,746					
	b. Improvements to Police Facility	640,247		640,247					
2004-24	Multi-Purpose								
	a. Police department equipment	155,961		155,961					
	b. Fire department equipment	115,900		115,900					
	c. Recreation department wrestling mats	7,750		7,750					
	d. Street/Shade Tree department equipment	51,300		51,300					
	f. Tax Collector/Assessor filing system	14,301		14,301					
	g. Building and Construction dept. software	31,350		31,350					
	h. Department of Public Works equipment	725,800		725,800					
	i. Library repairs and painting	47,500		47,500					
	k. Acquisition of emergency water pump	53,200		53,200					
2004-24	Multi-Purpose								
	l. Electrical repairs at Sea Scout building	23,750		23,750					
	m. Parking lot improvements at VFW	11,714		11,714					
	n. Acquisition of centralized phone system	319,200		319,200					
	o. Various renovations to Town Hall	285,000		285,000					

TOWN OF KEARNY, N.J.

Schedule of Deferred Charges to
Future Taxation - Unfunded

General Capital Fund

Year Ended June 30, 2008

Ordinance Number	Improvement Description	Balance	Authorizations	Funded	Balance	Financed by		Unexpended
		June 30, 2007			June 30, 2008	Bond	Anticipation	Improvement
2004-25	Improvements to Solids and Floatables Facility	6,646,417		4,868,940	1,777,477		Notes	Authorization
2004-57	Pump Station Maintenance and Repairs-Ivy/King	218,947		218,947				507,878
2004-58	Various Capital Improvements	57,950		57,950				1,269,599
2005-17	Purchase of Fire Engine	8,947		8,947				
2005-23	Pump Station Repairs	141,550		141,550				
2005-53	Purchase of Fire Engine	95,366		95,366				
2006-08	Reconstruction of Bell Playground	750,000		750,000				
2006-09	Riverbunk Skateboard Park	277,380		277,380				
2006-15	Repaving of Bellgrove Drive	313,500		313,500				
2006-57	Storm Water Pump Station Repairs	175,000		175,000				
2006-63	Various Road and Sewer Improvements	950,000		950,000				
2006-67	Refunding Bonds							
2007-12	Improvement to Belgroove Dr Playground	1,083,000		1,083,000				
2007-30	Various Capital Improvements	1,138,000		1,138,000				
		<u>\$ 17,103,262</u>		<u>15,325,785</u>	<u>1,777,477</u>			<u>1,269,599</u>
	Serial Bonds		\$	10,305,000				
	BIT Loans			4,878,250				
	Authorizations Canceled			142,535				
			\$	<u>15,325,785</u>				
							Improvement Authorizations - Unfunded	
								<u>507,878</u>
								<u>1,269,599</u>

TOWN OF KEARNY, N.J.

Schedule of Interfund Due from/(to) Various Funds

General Capital Fund

Year Ended June 30, 2008

	Balance June 30, <u>2007</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2008</u>
Current Fund	\$ (175,035)		175,035	
Other Trust Fund	(200,000)		200,000	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	\$ <u>(375,035)</u>	<u> </u>	<u>375,035</u>	<u> </u>
Disbursements		\$ <u> </u>	<u>375,035</u>	
		\$ <u> </u>	<u>375,035</u>	

TOWN OF KEARNY, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended June 30, 2008

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, June 30, 2008			Interest Rate	Balance June 30, 2007	Issued	Decreased	Balance June 30, 2008
			Date	Amount	Rate					
Refunding Bonds	July 1, 1997	\$ 13,400,000	02/15/09	2,535,000	5.50%		2,905,000		370,000	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	1/15/2009	115,000	3.20%		5,035,000		170,000	4,865,000
			1/15/2010	1,320,000	3.40%					
			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	5.92%					

TOWN OF KEARNY, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended June 30, 2008

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, June 30, 2008		Interest Rate	Balance June 30, 2007	Issued	Decreased	Balance June 30, 2008	
			Date	Amount						
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	1/15/2009	25,000	3.50%	10,305,000	10,305,000		10,305,000	
			1/15/2010	35,000	3.50%					
			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%					

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

General Capital Fund

Year Ended June 30, 2008

	Original Issue		Maturities of Loans Outstanding, June 30, 2008		Interest Rate	Balance June 30, 2007	Increased	Decreased	Balance June 30, 2008
	Date	Amount	Date	Amount					
Trust Share	11/05/98	\$ 1,575,000	08/01/08	75,000	4.25%	\$ 1,135,000		75,000	1,060,000
			08/01/09	80,000	4.25%				
			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	08/01/08	40,000	4.00%	990,000		35,000	955,000
			08/01/09	40,000	5.00%				
			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, 2008

	Original Issue		Maturities of Loans Outstanding, June 30, 2008		Interest Rate	Balance June 30, 2007	Increased	Decreased	Balance June 30, 2008
	Date	Amount	Date	Amount					
Fund Share	11/05/98	\$ 1,507,371	08/01/08	78,209	*	949,755		80,271	869,484
			08/01/09	79,248	*				
			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	08/01/08	159,376	*	2,772,242		153,122	2,619,120
			08/01/09	155,586	*				
			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, 2008

Fund Share	Original Issue		Maturities of Loans Outstanding, June 30, 2008		Interest Rate	Balance June 30, 2007	Increased	Decreased	Balance June 30, 2008
	Date	Amount	Date	Amount					
	11/08/07	3,623,250	08/01/08	86,026	*		3,623,250		3,623,250
			02/01/09	52,849	*				
			08/01/09	137,081	*				
			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	*				
						\$ 5,846,997	4,878,250	343,393	10,381,854

* Interest Free

TOWN OF KEARNY, N.J.
Schedule of Green Acres Trust Loans Payable
General Capital Fund
Year Ended June 30, 2008

Purpose	Original Issue	Maturities of Loans Outstanding, June 30, 2008		Interest Rate	Balance June 30, 2007	Decreased	Balance June 30, 2008
		Date	Amount				
F. J. Vincent Marina	\$ 73,725	08/07/08	\$ 2,117	2.00%	\$ 21,711	4,171	17,540
		02/07/09	2,138				
		08/07/09	2,159				
		02/07/10	2,181				
		08/07/10	2,203				
		02/07/11	2,225				
		08/07/11	2,247				
		02/07/12	2,270				
Riverbank Park	235,731	07/11/08	5,492	2.00%	194,533	10,822	183,711
		01/11/09	5,547				
		07/11/09	5,603				
		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				
Harvy Field	\$ 250,000	08/28/08	5,653	2.00%	223,105	11,139	211,966
		02/28/09	5,710				
		08/28/09	5,767				
		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				

TOWN OF KEARNY, N.J.
Schedule of Green Acres Trust Loans Payable
General Capital Fund
Year Ended June 30, 2008

Purpose	Original Issue	Maturities of Loans Outstanding, June 30, 2008		Interest Rate	Balance June 30, 2007	Decreased	Balance June 30, 2008
		Date	Amount				
		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				
					\$ 439,349	26,132	413,217

TOWN OF KEARNY, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended June 30, 2008

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance		Balance June 30, 2008
						June 30, 2007	Increased/Decreased	
1997-44	Planning and Design Combined Sewer	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	328,848		328,848
1997-53	Acquisition of Equipment-DPW	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	377,837		377,837
1998-31	Various Capital Improvements	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	759,700		759,700
1998-53	Sewer Separation and Overflow	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	758,137		758,137
1999-32	Police Communications Equipment	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	47,000		47,000
2000-36	Multi Purpose	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	142,020		142,020
2001-30	Multi Purpose	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	840,993		840,993
2004-58	Various Capital Improvements	February 1, 2005						
2005-17	Purchase of Fire engine	February 1, 2005						
2004-24	Various Capital Improvements	June 30, 2004	June 28, 2007	February 1, 2008	3.91%	1,842,726		1,842,726
2004-57	Pump Station Maintenance and Repairs-Ivy/King	June 30, 2004	June 28, 2007	February 1, 2008	3.91%	218,947		218,947
2004-58	Various Capital Improvements	June 30, 2004	June 28, 2007	February 1, 2008	3.91%	57,950		57,950
2005-53	Purchase of Fire engine	June 30, 2004	June 28, 2007	February 1, 2008	3.91%	104,313		104,313
2005-23	Pump Station Maintenance and Repairs	February 1, 2007	February 1, 2007	February 1, 2008	3.89%	100,000		100,000
2006-08	Reconstruction of Bell Playground	February 1, 2007	February 1, 2007	February 1, 2008	3.89%	50,000		50,000
2006-63	Various Road and Sewer Improvements	February 1, 2007	February 1, 2007	February 1, 2008	3.89%	850,000		850,000
2006-08	Reconstruction of Bell Playground	April 26, 2007	April 26, 2007	February 1, 2008	3.75%	700,000		700,000
2006-09	Riverbank Skateboard Park	April 26, 2007	April 26, 2007	February 1, 2008	3.75%	250,000		250,000
2006-15	Repaving of Bellgrove Drive	April 26, 2007	April 26, 2007	February 1, 2008	3.75%	250,000		250,000
2007-12	Improvement to Belgrove Dr Playground	April 26, 2007	April 26, 2007	February 1, 2008	3.75%	1,000,000		1,000,000
						<u>\$ 8,678,471</u>		<u>8,678,471</u>
						Sale of Bonds		
								<u>8,678,471</u>
						\$		<u>8,678,471</u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Receivables

General Capital Fund

Year Ended June 30, 2008

Balance, June 30, 2007	\$	1,965,645
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Decreased by:

Transferred to Reserve for Debt	\$	357,257	
Canceled		<u>231,700</u>	<u>588,957</u>

Balance, June 30, 2008		<u><u>1,376,688</u></u>
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Analysis of Balance:

Green Acres Grant - Skateboard Park	138,690
Green Acres Grant - Bell Playground	8,154
Green Acres Loan - Skateboard Park	138,690
Green Acres Loan - Bell Playground	8,154
Hudson County Open Space Grant	<u>1,083,000</u>
	<u>\$ 1,376,688</u>

TOWN OF KEARNY, N.J.
Schedule of Improvement Authorizations
General Capital Fund
Year Ended June 30, 2008

Ordinance Number	Improvement Description	Ordinance Amount	Balance June 30, 2007		Paid or Charged	Canceled	Balance June 30, 2008	
			Funded	Unfunded			Funded	Unfunded
	<u>General Improvements:</u>							
	Multi-Purpose							
	Sewer/Fueling Station/Public Works		139,535			(139,535)		
1996-44	Multi-Purpose							
	i. Installation of Radio Equipment and Dispatching System		557					
1997-34	Multi-Purpose							
	f. Improvements to Fire Safety Facilities	78,750						
	Engineering Work - Jacobus Avenue (UEZ Project 95-1)	109,625	3,174			(3,174)		
1997-32								
1997-44	Planning and Design - Combined Sewer System	350,000		1,324		(1,324)		
1998-26	Sewer Separation Project	3,297,500	98,319	149,944		(248,263)		
1998-31	Multi-Purpose							
	a. Roadway Improvements	500,000		9,247		(9,247)		
1999-32	Police Communications System	700,000		718		(718)		
2000-36	Multi-Purpose							
	a. Various Road Improvements	750,000		6,506		(6,506)		
	b. UST Removal and Monitoring	150,000		4,600		(4,600)		
2001-30	Multi-Purpose							
	a. Various Road Improvements	723,000		18,361		(18,361)		
	b. Improvements to Police Facility	1,077,000		7,545	7,545			
2001-51	Improvements to Kearny Avenue	3,000,000	937,009				937,009	
2002-10	Various Capital Improvements	2,550,000	187,326		74,469	(22,857)	90,000	
2002-45	Various Capital Improvements	1,180,570	18,542		15,907	(2,635)		
2002-46	Various Sewer Repairs	250,000	204,959		2,124	(202,835)		
2003-21	Multi-Purpose							
	a. Pump Station Repairs		9,001			(9,001)		
2004-24	Various Capital Improvements							
	a. Police Department Equipment	345,516		2,968		(819)		
	b. Fire Department Equipment	122,000		4,809	4,809			
	d. Street/Shade Tree Departments Eqpt.	54,000		4,586	4,586			
	h. Public Works Department equipment	764,000		12,685	7,558	(5,127)		

TOWN OF KEARNY, N.J.
Schedule of Improvement Authorizations
General Capital Fund
Year Ended June 30, 2008

Ordinance Number	Improvement Description	Ordinance Amount	Balance June 30, 2007		Authorizations	Paid or Charged	Canceled	Balance June 30, 2008	
			Funded	Unfunded				Funded	Unfunded
General Improvements:									
2004-24	Various Capital Improvements			626	(626)				
	i. Various Library repairs	50,000		11,200	(11,200)				
	k. Acquisition of emergency water pump	56,000		6,856	(6,856)				
	l. Electrical repairs at Sea Scout building	25,000		5,605	(5,605)				
	m. Parking lot improvements at VFW	75,720							
2004-25	Improvements to Solids and Floatables Facility	11,000,000		4,337,578		3,067,979			1,269,599
2004-57	Pump Station Maintenance and Repairs-Ivy/King			16,963	(16,963)				
2004-58	Various Capital Improvements			7,895	(7,895)				
2005-17	Purchase of Fire engine	149,000		12,507	(12,507)				
2005-23	Pump Station Maintenance and Repairs	375,000		33,187	(33,187)				
2005-53	Purchase of Fire Engine	981,700		15,265	(15,265)				
2006-08	Reconstruction of Ball Playground	277,380		248,008	(6,364)	16,308	(225,336)		
2006-09	Riverbank Skateboard Park	296,000	106,896	271,620	(106,896)	162,802		108,818	
2006-13	Fire Department Turnout Gear	750,000		64,308		24,277	(40,031)		
2006-15	Repaving of Bellgrove Drive	222,000	199,595			14,290		185,305	
2006-37	Recreation Facility Lighting	1,000,000		770,844		742,474		28,370	
2006-63	Various Road and Sewer Improvements	300,000	270,552			26,407		244,145	
2007-03	Supplemental-Street Resurfacing Davis Avenue	1,083,000		1,051,353		708,410	(745,000)	342,943	
2007-12	Improvement to Belgrove Drive Playground	2,050,000	912,000	1,138,000	(1,305,000)				
2007-30	Various Capital Improvements	202,724			202,724	184,132		18,592	
	Various Capital Improvements	106,896			106,896	65,504		41,392	
	Acquisition of Equipment	1,305,000			1,305,000	434,153		870,847	
2007-30	Various Capital Improvements								
		\$	3,087,465	8,215,108		5,563,734	(1,601,819)	2,867,421	1,269,599

TOWN OF KEARNY, N.J.

Schedule of Reserves

General Capital Fund

Year Ended June 30, 2008

	Balance June 30, <u>2007</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2008</u>
Reserve for:				
Payment of Notes Ord. 2006-08	\$ 144,735	643,723		788,458
Green Trust	258			258
Road Improvements	6,000		6,000	
Street Lights	466		466	
	<u>\$ 151,459</u>	<u>643,723</u>	<u>6,466</u>	<u>788,716</u>
Cash		286,466		
Reserve for Receivables		357,257		
Canceled			6,466	
		<u>643,723</u>	<u>6,466</u>	

TOWN OF KEARNY, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended June 30, 2008

Balance, June 30, 2007	\$ 6,500
Increased by:	
Budget appropriation	<u>100,000</u>
	106,500
Decreased by:	
Cancel Ordinance 05-23	<u>1,901</u>
Balance, June 30, 2008	\$ <u><u>104,599</u></u>

TOWN OF KEARNY, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended June 30, 2008

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance June 30, 2007</u>	<u>Authorizations</u>	<u>Decreased</u>	<u>Balance June 30, 2008</u>
<u>General Improvements:</u>					
1998-26	Sewer Separation Project	149,944		149,944	
2002-60	Refunding of Certain Pension Liabilities				
2004-25	Improvements to Solids and Floatables Facility	6,646,417		4,868,940	1,777,477
2005-23	Pump Station Maintenance and Repairs	41,550		41,550	
2006-08	Reconstruction of Bell Playground				
2006-09	Riverbank Skateboard Park	27,380		27,380	
2006-15	Repaving of Bellgrove Drive	63,500		63,500	
2006-57	Storm Water Pump Station Repairs	175,000		175,000	
2006-63	Various Road and Sewer Improvements	100,000		100,000	
2006-67	Refunding Bonds				
2007-12	Improvement to Belgrove Dr Playground	83,000		83,000	
2007-30	Various Capital Improvements	<u>1,138,000</u>		<u>1,138,000</u>	
		<u>\$ 8,424,791</u>		<u>6,647,314</u>	<u>1,777,477</u>
				Serial Bonds \$	1,626,529
				EIT Loan	4,878,250
				Cancelled	<u>142,535</u>
				\$	<u>6,647,314</u>

TOWN OF KEARNY, N.J.

Schedule of Cash - Treasurer

Water Utility Fund

Year ended June 30, 2008

	<u>Operating</u>	<u>Capital</u>
Balance, June 30, 2007	\$ <u>51,976</u>	<u>33,704</u>
Increased by Receipts:		
Water Collector	5,302,904	
Sale of Bonds		3,844,000
Miscellaneous Revenue	23,732	
Interfunds	<u>340,000</u>	<u> </u>
	<u>5,666,636</u>	<u>3,844,000</u>
	5,718,612	3,877,704
Decreased by Disbursements:		
2008 Appropriations	4,701,630	
2007 Appropriation Reserves	40,236	
Interfunds		340,000
Accounts Payable	780	
Interest on Bonds and Notes	183,505	
Improvement Authorizations		1,926,583
Surplus to Current Fund	<u>260,000</u>	<u> </u>
	<u>5,186,151</u>	<u>2,266,583</u>
Balance, June 30, 2008	\$ <u><u>532,461</u></u>	<u><u>1,611,121</u></u>

TOWN OF KEARNY, N.J.

Analysis of Cash

Water Utility Capital Fund

June 30, 2008

		Balance, June 30, <u>2008</u>
Capital Improvement Fund		\$ 32,750
Capital fund Balance		8,747
Improvement Authorizations:		
Ordinance		
<u>number</u>	<u>General improvements</u>	
2001-46	Acquisition of Vehicles and Equipment	
2006-27	Improvements to Water Utility	
2006-58	Water Utility Repairs	
2007-31	Various Water Utility Improvements	49,171
2207-50	Various Water Utility Improvements	941,231
2007-53	Various Water Utility Improvements	<u>579,222</u>
		\$ <u><u>1,611,121</u></u>

TOWN OF KEARNY, N.J.

Due from East Orange Water Commission

Water Utility Fund

Year ended June 30, 2008

Balance, June 30, 2007	\$ 440,768
Decreased by:	
Raised in Budget	<u>88,154</u>
Balance, June 30, 2008	\$ <u><u>352,614</u></u>

TOWN OF KEARNY, N.J.

Schedule of Consumers' Accounts Receivable -
Operating Fund

Water Utility Fund

Year ended June 30, 2008

Balance, June 30, 2007	\$ 525,701
Increased by:	
2008 Levy	<u>4,898,847</u>
	5,424,548
Decreased by:	
Cash receipts	<u>4,746,876</u>
Balance, June 30, 2008	\$ <u><u>677,672</u></u>

TOWN OF KEARNY, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year ended June 30, 2008

<u>Account</u>	Balance, June 30, <u>2007</u>	<u>Added</u>	Balance, June 30, <u>2008</u>
Mains and Accessories	\$ 8,755,411		\$ 8,755,411
Wanaque Project	4,466,891		4,466,891
Ramapo Project	615,103		615,103
General	624,980	4,664,690	5,289,670
Acquisition of Vehicles	300,000		300,000
Acquisition of Water Meters	<u>1,463,310</u>	<u>1,256,000</u>	<u>2,719,310</u>
	<u>\$ 16,225,695</u>	<u>5,920,690</u>	<u>\$ 22,146,385</u>

TOWN OF KEARNY, N.J.

Schedule of 2007 Appropriation Reserves

Water Utility Fund

Year ended June 30, 2008

	Balance, June 30, <u>2007</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 3,575	3,575		3,575
Other Expenses	18,503	59,016	40,236	18,780
North Jersey Water District Supply	342	342		342
Statutory Expenditures:				
Contribution to: Unemployment				
Compensation Insurance	1	1		1
Social Security	<u>29</u>	<u>29</u>		<u>29</u>
	<u>\$ 22,450</u>	<u>62,963</u>	<u>40,236</u>	<u>22,727</u>

TOWN OF KEARNY, N.J.

Schedule of Accrued Interest on Bonds and Notes

Water Utility Fund

Year ended June 30, 2008

Balance, June 30, 2007	\$ 49,934
Increased by:	
Budget Appropriation	<u>164,721</u>
	214,655
Decreased by:	
Payments	<u>183,505</u>
Balance, June 30, 2008	<u>\$ 31,150</u>

Analysis of Balance

Principal Outstanding <u>June 30, 2008</u>	<u>Period</u>	Interest <u>Rate</u>	Required <u>Amount</u>
\$ 60,000	15 days	7.200%	\$ 180
365,000	1 month	5.100%	1,551
1,043,000	5 1/2 months	5.250%	25,097
200,000	5 1/2 months	3.875%	3,552
5,925,000	5 1/2 months	Various	<u>769</u>
			<u>\$ 31,150</u>

TOWN OF KEARNY, N.J.

Schedule of Accounts Payable

Water Utility Capital Fund

Year ended June 30, 2008

Balance, June 30, 2007	\$ <u>54,566</u>
Decreased by:	
Paid	780
Cancelled	<u>53,786</u>
	<u>54,566</u>
Balance, June 30, 2008	\$ <u><u> </u></u>

TOWN OF KEARNY, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year ended June 30, 2008

Ordinance number	Improvement description	Ordinance		Balance, June 30, 2007		2008 Authorizations	Expended	Cancelled	Balance, June 30, 2008	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
2001-46	Acquisition of Vehicles and Equipment	October 11, 2001	\$ 300,000	8,747	4,310			13,057		
2006-27	Improvement to Water Utility	April 12, 2006	825,000		200,957		200,957			
2007-31	Various Water Utility Improvements	June 26, 2007	1,025,000	51,250	973,750		975,079	750	49,171	
2007-50	Various Water Utility Improvements	Sept. 25, 2007	1,025,000			1,025,000	79,769	4,000	941,231	
2007-53	Various Water Utility Improvements	Sept. 25, 2007	1,250,000			1,250,000	670,778		579,222	
				\$ 59,997	1,179,017	2,275,000	1,926,583	17,807	1,569,624	

TOWN OF KEARNY, N.J.

Schedule of Capital Improvement Fund

Water Utility Capital Fund

Year ended June 30, 2008

Balance, June 30, 2007	\$ <u>32,750</u>
Balance, June 30, 2008	\$ <u><u>32,750</u></u>

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year ended June 30, 2008

Balance, June 30, 2007	\$ 14,348,385
Increased by:	
Payment of Serial Bond Principal	<u>205,000</u>
Balance, June 30, 2008	\$ <u><u>14,553,385</u></u>

TOWN OF KEARNY, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year ended June 30, 2008

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Date of ordinance</u>	Balance, June 30, <u>2007</u>	<u>Cancelled</u>	Balance, June 30, <u>2008</u>
5/25/1993	Water Supply and Distribution System	5/25/1993	\$ <u>79</u>	<u>79</u>	<u></u>

TOWN OF KEARNY, N.J.
Schedule of Water Utility Serial Bonds
Water Utility Capital Fund
Year ended June 30, 2008

<u>Purpose</u>	<u>Date of issue</u>	<u>Original issue</u>	<u>Maturities of bonds outstanding, June 30, 2008</u>		<u>Interest rate</u>	<u>Balance, June 30, 2007</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2008</u>
			<u>Date</u>	<u>Amount</u>					
Water Improvements	December 15, 1989	490,000	December 15, 2008-09	30,000	7.20%	\$ 90,000		30,000	60,000
Water Bond Series 1997	November 15, 1997	735,000	August 1, 2008-15 August 1, 2016	40,000 45,000	5.10%	405,000		40,000	365,000
Acquisition of Water Meters	January 15, 2003	1,463,000	January 15, 2009 January 15, 2010 January 15, 2011-13 January 15, 2014-15 January 15, 2016	110,000 120,000 120,000 150,000 153,000	5.25% 5.25% 5.40% 5.40% 5.50%	1,153,000		110,000	1,043,000
Acquisition of Vehicles	January 15, 2003	300,000	January 15, 2009 January 15, 2010-14 January 15, 2015 January 15, 2016	25,000 25,000 25,000 25,000	3.875% 4.00% 4.10% 4.15%	225,000		25,000	200,000
Water Improvements	January 15, 2008	5,925,000	January 15, 2009 January 15, 2010 January 15, 2011 January 15, 2012 January 15, 2013 January 15, 2014 January 15, 2015 January 15, 2016 January 15, 2017 January 15, 2018 January 15, 2019 January 15, 2020 January 15, 2021 January 15, 2022 - 26 January 15, 2027	25,000 35,000 95,000 115,000 135,000 125,000 135,000 150,000 350,000 400,000 425,000 450,000 475,000 500,000 510,000	3.50% 3.50% 3.50% 3.50% 3.50% 3.50% 3.50% 3.50% 3.50% 5.25% 4.00% 4.00% 4.00% 4.00% 4.00%	5,925,000			5,925,000
						\$ 1,873,000	5,925,000	205,000	7,593,000

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Water Utility Operating Fund

Year ended June 30, 2008

	Balance, June 30, <u>2007</u>	<u>Increased</u>	<u>Decreased</u>	Balance, June 30, <u>2008</u>
Water Utility Capital Fund	\$ <u>340,000</u>	<u> </u>	<u>340,000</u>	<u> </u>
	<u>340,000</u>	<u> </u>	<u>340,000</u>	<u> </u>
Due from	<u>340,000</u>	<u> </u>	<u>340,000</u>	<u> </u>
	\$ <u>340,000</u>	<u> </u>	<u>340,000</u>	<u> </u>
Receipts	\$		340,000	
		<u> </u>	<u> </u>	
	\$	<u> </u>	<u>340,000</u>	

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Water Utility Capital Fund

Year ended June 30, 2008

	Balance, June 30, <u>2007</u>	<u>Increased</u>	<u>Decreased</u>	Balance, June 30, <u>2008</u>
Water Utility Operating Fund	<u>340,000</u>	<u> </u>	<u>340,000</u>	<u> </u>
	\$ <u>340,000</u>	<u> </u>	<u>340,000</u>	<u> </u>
Disbursements \$	340,000	<u> </u>	<u> </u>	
		\$ <u>340,000</u>	<u> </u>	

TOWN OF KEARNY, N.J.
Schedule of Bond Anticipation Notes Payable
Water Utility Capital Fund
Year Ended June 30, 2008

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance	
						June 30, 2007	June 30, 2008
2004-23	Various Water Improvements	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	\$ 1,256,000	1,256,000
2006-27	Improvements to Water Utility	June 29, 2006	June 28, 2007	February 1, 2008	3.91%	825,000	825,000
						<u>\$ 2,081,000</u>	<u>2,081,000</u>
						Sale of Bonds	<u>2,081,000</u>
							<u>2,081,000</u>

TOWN OF KEARNY, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Year ended June 30, 2008

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, June 30, 2007</u>	<u>Authorized</u>	<u>Issued</u>	<u>Balance, June 30, 2008</u>
2001-46	Acquisition of Vehicles and Equipment	\$ 4,310		4,310	
2006-58	Water Utility Repairs	600,000		600,000	
2007-31	Various Water Utility Improvements	973,750		973,750	
	Various Water Utility Improvements		1,025,000	1,025,000	
	Various Water Utility Improvements		1,250,000	1,250,000	
		<u>\$ 1,578,060</u>	<u>2,275,000</u>	<u>3,853,060</u>	
			Sale of Bonds \$	3,844,000	
			Cancelled	<u>9,060</u>	
				<u>\$ 3,853,060</u>	

Exhibit E-1**TOWN OF KEARNY, N.J.****Schedule of Cash****Public Assistance Trust Fund****Year Ended June 30, 2008**

Balance June 30, 2007		\$	8,369
Increased by:			
Current Fund - Budget Appropriation	\$	5,000	
Interest Earned		<u>162</u>	
			<u>5,162</u>
			13,531
Decreased by;			
Emergency Assistance		<u>246</u>	
Balance June 30, 2008		\$	<u><u>13,285</u></u>

Exhibit E-2**Schedule of Amount Due from Current Fund****Public Assistance Fund****Year Ended June 30, 2008**

Balance June 30, 2007		<u>16</u>
Balance June 30, 2008	\$	<u><u>16</u></u>

TOWN OF KEARNY, N.J.

Reserve for Public Assistance Expenditures

Public Assistance Trust Fund

Year Ended June 30, 2008

Balance June 30, 2007	\$	8,385
Increased by:		
Current Fund - Budget Appropriation	\$	5,000
Interest Earned		<u>162</u>
		<u>5,162</u>
		13,547
Decreased by:		
Emergency Assistance		<u>246</u>
Balance June 30, 2008	\$	<u><u>13,301</u></u>

TOWN OF KEARNY

Letters on Compliance and on Internal Control

General Comments and Recommendations

Year ended June 30, 2008

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
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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, 2008, and have issued our report thereon dated November 26, 2008. 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.



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. Wielkottz, C.P.A.
Registered Municipal Accountant
No. CROO413



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

November 26, 2008



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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
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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, 2008. 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, 2008.



Internal Control Over Compliance

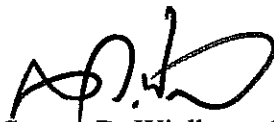
The management of the Town of Kearny is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Town of Kearny's 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 our 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.
Certified Public Accountants

November 26, 2008



TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Program	CFDA number	Grant period	Award Amount	Balance at June 30, 2007	Cash Received	Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2008	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	2005-06	44,000						* 43,921
Homeland Security	97.073	2005-06	40,000	(39,990)	39,990				* 39,990
				(139,990)	39,990			(100,000)	* 208,911
Federal Emergency Management Agency:									
Emergency Management Assistance		2002-03	2,406	2,406		2,406			*
Emergency Management Assistance		2003-04	4,000	(4,000)					*
Recreation Trails Program	20.219	2007-08	7,000			7,000	7,000	(4,000)	* 7,000
Recreation Trails Program	20.219	2004-05	25,000	8,500	22,486	23,500		7,486	* 26,092
				6,906	22,486	32,906	7,000	3,486	* 33,092
Total Federal and State Grant Fund				(133,084)	62,476	32,906	7,000	(96,514)	* 242,003
Other Trust Fund:									*
Department of Housing and Urban Development (passed through County of Hudson):									*
Community Development Block Grant:									*
Street Reconstruction	14.219		718	718				718	*
1999-									*
Community Police Site	14.219		36,000						* 29,664
2001-									*
Street Reconstruction	14.219		3,989	3,347	642			3,989	*
2002-									*
Street Reconstruction	14.209		350,000		67,159			67,159	* 282,481
2003-									*
Branch Library Exterior Reconstruction	14.219		375,000		12,412	12,412			* 375,000
2004-									*
Street Reconstruction	14.219		235,000	(21,797)	68,650	31,479		15,374	* 207,401
Branch Library Exterior Reconstruction	14.219		105,476		22,070	22,070			* 34,325

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Program	CFDA number	Grant period	Award Amount	Balance at June 30, 2007	Cash Received	Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2008	MEMO Cumulative Total Expenditures
2005- Street Reconstruction	14.219		306,500		306,500	306,500		*	* 306,500
2006- Branch Library Exterior Reconstruction	14.219		130,616					*	* 104,700
2007- Street Reconstruction	14.219		300,000		300,000	102,121		197,879	* 102,121
Harvey Field House-Bathroom	14.219		300,000		14,682	23,025		(8,343)	* 23,025
Total Trust Funds				(17,732)	792,115	497,607		276,776	* 1,465,217
General Capital Fund:									*
Department of Housing and Urban Development (passed through County of Hudson):									*
Community Development Block Grant:									*
Capital Improvements to Sewer/Fuel Station/DPW Community Center	14.219	1997-34	300,000	(300,000)	300,000				* 300,000
	14.219	1997-34	150,000	(150,000)	150,000				* 150,000
				(450,000)	450,000				* 450,000
				(450,000)	450,000				* 450,000
Total General Capital Funds				\$ (600,816)	1,304,591	530,513	7,000	180,262	* 2,157,220
Total Federal Awards									

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, 2007

	Grant number	Grant period	Award Amount	Balance June 30, 2007	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2008	MEMO Cumulative Total Expenditures
2830-763-250120-50	\$ 1999-01	286,968	66,077					50,014	116,091 *	286,968
2830-763-250120-50	2002-03	206,986	7,875			(200)		(8,075)	*	170,259
2830-763-250120-50	2003-04	246,996	(55,537)					55,537	*	168,286
2830-763-250120-50	2004-05	278,898	8,863			(3,150)		(12,013)	*	184,843
2830-763-250120-50	2005-06	285,051	(184,852)					(184,852)	*	184,852
2830-763-250120-50	2006-07	407,342				149,988		204,515	*	149,988
2830-763-250120-50	2002-03	150,000	52,485			(1,576)		(54,061)	*	100,141
2830-763-250120-50	2001-02	56,279	56,279					(56,279)	*	309,828
2830-763-250120-50	2001-02	300,000	(330,706)		330,347			9,600	9,241 *	115,000
2830-763-250120-50	2006-07		(115,000)		113,614	12,593			(13,979) *	448,666
2830-763-250120-50			(107,066)		6,400			100,666	*	50,000
2830-763-250120-50		50,000							*	
2830-763-250120-50		28,130							*	
2830-763-250120-50									*	
2830-763-250120-50	2006-07	280,000	172		3,892	(745)		(4,809)	*	224,656
2830-763-250120-50	2007-08	75,000	(179,511)		204,172	45,145			(20,484) *	75,000
2830-763-250120-50	2007-08	50,000				18,330			(18,330) *	18,330
2830-763-250120-50			(213,508)						(213,508) *	68,182
2830-763-250120-50			43,745			(201)		(43,946)	*	
2830-763-250120-50		186,410	(48,180)					48,180	*	632,748
2830-763-250120-50	2000-01	700,000	97,268						97,268 *	617,443
2830-763-250120-50	2001-02	1,000,000			98,043			3,381	101,424 *	15,000
2830-763-250120-50	2007-08	22,500				15,000			(15,000) *	162,611
2830-763-250120-50	2002-04	555,732	158,003			(15,235)	(9,800)	8,917	158,003 *	26,258
2830-763-250120-50	2006-07	223,528	(14,352)		42,683	(490)		195,022	14,667 *	1,933,148
2830-763-250120-50	2007-08	1,947,325	(1,933,148)		1,151,591				(781,557) *	13,600
2830-763-250120-50	2007-08	13,600				13,600			(13,600) *	40,494
2830-763-250120-50	2007-08	193,500				40,494	16,500		(40,494) *	19,731
2830-763-250120-50	2002-03	164,505	(101,424)						(101,424) *	781,259
2830-763-250120-50	2007-08	99,998				25,000			25,000 *	58,485
2830-763-250120-50	2007-08	107,345				58,485			(34,158) *	35,000
2830-763-250120-50	2007-08	35,000				35,000	14,318		(20,682) *	175,000
2830-763-250120-50	2006-07	175,000				175,000			(175,000) *	
			(3,016,045)		1,950,742	636,769	70,345	496,649	(1,135,078) *	7,065,286

Federal and State Grant Fund:
 Department of Commerce & Economic Development;
 Urban Enterprise Zone Program.

2001 Administration
 2003 Administration
 2004 Administration
 2005 Administration
 2006 Administration
 2007 Administration
 Public Relations and Marketing:
 Fiscal Year 2003
 Police Grant-2002
 Business Development Revolving Loan
 Business Development Revolving Loan
 Streetscape Study:
 Phase II
 Phase II-2003
 Maintenance Equipment
 Marketing and Promotion Strategy
 Marketing and Promotion Strategy - Phase II
 Marketing and Promotion Strategy
 Marketing and Promotion Strategy
 6 Jacobus Avenue
 Surveillance Cameras
 Surveillance Cameras
 Streetscape Fiscal Year 2001
 Bergen Avenue Extension
 Revolving Loan
 Streetscape III
 Redevelopment Grant
 Kearny Ave. Streetscape Extension - Phase II
 Kearny Ave. Streetscape Extension
 Kearny Ave. Streetscape Extension
 Kearny Ave. Streetscape Extension
 Clean Project 2008
 Bergen Avenue Extension - 2002
 Public Safety Project-Year 1
 Shopping Bus Year 1
 Zone Fire Engine - Custom Pumper
 Zone Fire Engine - Custom Pumper

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2007

	Grant number	Grant period	Award Amount	Balance June 30, 2007	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2008	MEMO Cumulative Total Expenditures
Department of Community Affairs										
Recitation for Individuals with Disabilities	8050-150-051570-60	2004-05	10,000	(6,500)	6,500					10,000
Municipal Alliance Program										
Fiscal Year 2007		2006-07	47,742	(4,096)	46,492	42,396				47,742
Fiscal Year 2008		2007-08	58,070		1,250	8,709	14,516		7,057	8,709
Fiscal Year 2007 - Match		2006-07	11,936	11,936		11,936				11,936
				1,240	54,242	63,041	14,516		7,057	78,387
Department of Environmental Protection										
Clean Communities Program	4900-765-178810-60	2007-08	34,874		34,874	28,925			5,949	28,925
Clean Communities Program	4900-765-178810-60	2005-06	30,236	33,236		7,809			25,427	33,236
Green Acres	0907-02-065	2003-04	574,500	(16,000)		(10,000)		6,000		16,000
Green Communities Grant		2007-08	3,000			3,000	1,500		(1,500)	3,000
Wastewater Treatment Fund		2007-08	62,977		60,180				60,180	
Recycling Tonnage Grant	4900-752-178810-60	2007-08	9,112		9,112				9,112	
Recycling Tonnage Grant	4900-752-178810-60	2004-05	11,760	79		79				11,760
Recycling Tonnage Grant	4900-752-178810-60	2005-06	9,943	134		134				9,973
Shade Tree Planting		2001-02	7,500	(7,500)						
Municipal Stormwater Regulation		2003-04	25,000	(5,483)				5,483		18,983
Municipal Stormwater Regulation	4840-150-057500	2005-06	20,619	20,619	5,155			(25,774)		
Hazardous Discharge Site Remediation										
Bergen Avenue				296						
528 Elm Street Corporation				(8,055)					296	
Meadowlands Gas Station				(12,978)				59,444	51,389	
199 Devon Avenue				6,300				12,978		
681-697 Schuylar Avenue			49,922	(49,922)				49,922	6,300	
Belgrove Drive Property				1,930					1,930	6,104
50 Belgrove Drive				19,926					19,926	778
				(17,418)	109,321	29,947	1,500	108,053	179,009	128,759
Department of Transportation										
New Jersey Transportation Trust Fund										
Authority Act of 1984:										
Prior Years	6320-480-601385-61			(116,927)	4,584			112,343		
Fiscal Year 2000	6320-480-601385-61	1999-00		(13,352)				13,352		
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	(9,558)				44,147	34,589	147,665

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2007

	Grant number	Grant period	Award Amount	Balance June 30, 2007	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2008	MEMO Cumulative Total Expenditures
New Jersey Department of Transportation										
Shuttle Bus	6320-480-601385-61	2003-04	82,381	6		(285)		(291)	*	55,486
Kearny Ave Signal	6320-480-601385-61	2002-03	130,279	(48,659)		(32,172)		16,487	*	60,000
Kearny Ave Signal	6320-480-601385-61	2003-04	60,000	(6,384)				6,384	*	
Pothole Repair Program	6320-480-601385-61			680					680	
Discretionary Aid	6320-480-601385-61	2004-05	237,000	19,623				223,000	19,623	98,387
Kearny Ave Signal - Package E&F	6320-480-601385-61	2007-08	30,000	(84,387)	12,018	14,523			138,413	14,523
New Jersey Transit Grant		2006-07	60,000	(2,616)	15,141	12,525			(2,505)	36,833
New Jersey Transit Grant				(220,653)	31,743	(5,409)		415,422	231,921	461,973
Health										
Public Health Priority Funding										
2007-08	4220-100-046-4602	2007-08	34,778		23,220	23,220			*	23,220
Tobacco Age of Sale Enforcement		2007-09	180		180	180			*	180
Tobacco Age of Sale Enforcement		2005-06	2,580	(2,580)	2,580				*	2,580
Senior Health Grant		2001-02	2,500	2,500					*	
New Jersey Preventive Smoking		1999-00	3,050	3,050					*	
State ABC			6,000	6,000				(6,000)	*	
Pandemic Influenza Preparedness Grant		2006-07	10,597	(811)	10,597	9,536			250	11,408
				8,159	36,577	32,936		(6,000)	250	37,388
Administrative Offices of the Courts										
Drunk Driving Enforcement Fund										
Prior Years		1999-00							*	
1110-101-030000-129040		2007-08	41,675		41,675				41,675	5,055
1110-101-030000-129040		2003-04	25,406						*	
2005-06			7,500	(150)				150	*	3,500
2007-08			5,000		2,600	2,600			*	2,600
2002-03			3,000	(3,000)					(3,000)	2,999
OJDP Police Vests		2003-04	8,831	(6,986)	6,986	(1,934)		1,934	3,868	13,383
OJDP Police Vests		2004-05	11,100	(11,100)	7,459				(3,641)	11,100
OJDP Police Vests		2005-06	12,675	(4,045)		(4,045)			12,675	
OJDP Police Vests - Local Match		2005-06	12,675	12,675					9,735	
OJDP Police Vests		2006-07	9,735						9,735	
Body Armor Grant		2007-08	13,121	59	13,121				59	6,104
Body Armor Grant		2003-04	11,331	(11,331)				11,331	13,121	
Body Armor Grant		2004-05	10,905	156				(156)		10,749
Body Armor Grant		2005-06	10,677	430				(430)		10,247
Body Armor Grant		2006-07	11,011	3,699				646	4,345	7,312
				(19,593)	71,841	(3,379)	10,381	12,829	78,837	73,049

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2007

	Grant number	Grant period	Award Amount	Balance June 30, 2007	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2008	MEMO Cumulative Total Expenditures
Law and Public Safety:										
Hudson County Law Enforcement Trust Fund:										
Prior Year				4						
NI Department of Public Safety										
Speed Enforcement Grant		2000-01	13,137	13,137						
		2006-07	4,000		4,000	4,000				4,000
Law Enforcement Block Grant		2001-02	30,137	(30,137)				30,137		30,137
Law Enforcement Block Grant		2002-03	130,659							122,640
Law Enforcement Block Grant		2003-04	20,338	(20,338)				20,338		20,338
State Police Grant:										
Fiscal Year 2004		2003-04	4,000	(4,000)				4,000		
Emergency Management Grant		2007-08	10,000		10,000					
Buffer Zone Protection Program		2005-06	49,959	(49,958)	49,958					49,958
				(91,292)	63,958	4,000		54,475	13,141	227,073
Library and Archives:										
State Library Aid	5070-150-5110140-60		100	9						91
State Library Aid	5070-150-5110140-60	2007-08	500		500	500				500
State Library Computer Security Grant			5,300	5,300		5,300				5,300
				5,309	500	5,800			9	5,891
Other State Agencies										
Smart Growth Planning Grant	N/A	2004-05	70,000	(55,000)	54,550			450		70,000
R.O.I.D. Grant	N/A	2006-07	6,862	2,402	4,460	6,862				6,862
MAP Grant		2007-08	100,000			100,000			(100,000)	100,000
MAP Grant	N/A	2006-07	100,000	(98,625)	100,000	1,375				1,375
				(151,223)	159,010	108,237		450	(100,000)	178,237
				(3,501,416)	2,477,934	871,942	96,742	1,081,878	(724,854)	8,256,043
Total State Assistance										
Other Financial Assistance:										
Hudson County:										
Library State Development Aid			28,000	(27,500)				28,000	500	27,500
Hudson County Improvement Authority	2830-763-250120-50		50,000		25,000					
Paris Grant	100-074-2545-033-6110	2007-08								
Hudson County Health - Office of the Aging			20,463	(1)				1		
Transportation		2002-03	40,000							
Hudson County Health - Office of the Aging		2006-07	40,000		25,238	25,238				40,000
Hudson County Health - Office of the Aging		2007-08	40,000		14,764	7,382			7,382	7,382
HVDC Recycling Grant		2000-01	1,000	(1,000)				1,000		
Justice Assistance		2005-06	13,787	(12,216)	13,787	1,571				13,787
Hudson County - OEM State Homeland Security		2006-07	10,861	(10,861)	10,861					10,861
Assistance to Firefighters		2007-08	37,782			41,980	4,198		(37,782)	41,980
Jersey Fresh Grant		2007-08	400		400				400	
Jersey Fresh Grant		2006-07	400	400		400				400

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2007

Grant number	Grant period	Award Amount	Balance June 30, 2007	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/Accounts Receivable at June 30, 2008	MEMO Cumulative Total Expenditures
<u>Other Miscellaneous Local Assistance:</u>									
Library-Welpac Grant	2002-03	27,750	(27,750)				27,750		27,750
Library-Verizon Literacy	2002-03	3,000	(3,000)				3,000		2,998
Library-Bill Gates-Computers	2002-03	25,400	(25,400)				25,400		25,400
Library-NJ Council for the Humanities	2006-07	390	21				(21)		369
US Soccer Federation		30,000	(30,000)				30,000		30,000
US Soccer Federation	2005-06	100,000							
Community Recreation Grant									
Hackensack Meadows Development Corporation									
New Jersey Meadowlands Commission-Storm Water Management									
Center of Place	2003-04	11,500	37,978	10,483	5,000		(5,483)	37,978	5,000
We the People Grant	2005-06	826	(20,000)				20,000		825
Comcast Grant	2005-06	34,945	1,594				(1,594)		33,551
Total Other Financial Assistance					81,571	4,198	128,252	8,478	267,803
Total Federal and State Grant Fund:			(117,934)	100,533	953,513	100,940	1,210,130	(716,376)	8,523,846
<u>General Capital Fund:</u>									
Department of Transportation:									
Repaving of Belgrove Drive	2006-15	220,000		105,000	105,000				220,000
Repaving of Belgrove Drive	2006-15	200,000							95,000
Supplemental Street Resurfacing Davis Ave.	2007-03	300,000	(29,448)	189,722	160,274				29,448
			(29,448)	294,722	265,274				344,448
Economic Development Authority:									
Improvements to CSO Control Facility	2004-25	281,513	(281,513)	281,513					281,513
Construction of Infrastructure Improvements	2005-03	1,500,000	(186,620)	186,620					1,500,000
			(468,133)	468,133					1,781,513
Green Acres Grants:									
Reconstruction of Bell Playground	2006-08	390,850	(302,632)	294,478				(8,154)	390,850
Riverbank Skateboard Park	2006-09	138,690	(5,760)					(5,760)	5,760
Improvements to Belgrove Playground	2007-12	391,500	(31,647)					(31,647)	31,647
			(340,039)	294,478				(45,561)	428,257
Hudson County Open Spaces:									
Reconstruction of Bell Playground	2006-08	200,000							200,000
Improvements to Belgrove Playground	2007-12	300,000							
Various Capital Improvements	2007-30	110,000							
Total General Capital Fund:			(837,620)	1,057,333	265,274			(45,561)	2,754,218
Total State Awards/Other Awards			(4,456,970)	3,635,800	1,218,787	100,940	1,210,130	(761,937)	11,278,064

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, 2008**

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:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
Current Fund	\$32,906	\$871,942	\$81,571	\$986,419
Community Development Grant Fund	497,607			497,607
General Capital Fund	-	265,274		265,274
	<u>\$530,513</u>	<u>\$1,137,216</u>	<u>\$81,571</u>	<u>\$1,749,300</u>

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.

**TOWN OF KEARNY
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The Town's federal and state loans outstanding at June 30, 2008, which are not required to be reported on the schedule of expenditures of federal and state awards, are as follows:

<u>Loan Program</u>	<u>Total</u>
State of New Jersey Environmental Infrastructure	
Trust Loan Program	\$10,381,854
State of New Jersey Green Acres Bond Act	<u>413,217</u>
	<u>\$10,795,071</u>

**TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

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)

14.219

Name of Federal Program or Cluster

Community Development Block Grant

**TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008
(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:

Belgrove Drive Playground	Veterans Field Lighting	Lighting for Gunnel Oval
Fire Pumper	Adult Mini Bus	Skateboard Park
Davis Ave Improvements	Gunnel Oval Skateboard Park	Water Billing
Janitorial Services	Equipment	Road and Water Improvements
Waterproofing of Kearny Library	Solid Waste and Recycling	Fire Hydrant Part
Landscaping	Lighting for Belgrove Dr. Playground	Gunnel Oval Skate Board Park
		Manhole and Roadway Repairs

TOWN OF KEARNY

GENERAL COMMENTS, (continued)

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 2, 2007 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.

TOWN OF KEARNY
GENERAL COMMENTS, (continued)

Delinquent Taxes and Tax Title Liens

The last tax sale was held on April 4, 2008 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:

<u>Year</u>	<u>Number of Liens</u>
2008	13
2007	16
2006	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, 2008, 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

Finance/Treasurer

1. That the town does not keep a fixed asset report detailing additions and deletions.

UEZ Department

1. That the UEZ Department does not properly record receipts when they are collected.

Municipal Court

1. That cash bail on account does not agree with the reconciled bail balance.
2. That there are 282 tickets assigned but not issued that are over 180 days old.
3. That there are 152 tickets eligible for dismissal.
4. That stale-dated checks are being carried as part of reconciliation in the fines account.

Clerk

1. That surety bonds for public officials could not be located for review.
2. That not all bid documents were made available for review.

RECOMMENDATIONS

Finance/Treasurer

- 1.* That the town keeps a fixed asset report detailing additions and deletions.

Fire Department

1. That the UEZ Department properly records receipts when they are collected.

Municipal Court

- 1.* That cash bail on account agrees with the reconciled bail balance.
- 2.* That tickets that are assigned but not issued that are over 180 days old be recalled.
- 3.* That all tickets eligible for dismissal be reviewed and dismissed in a timely manner.
4. That outstanding checks over one year old be cancelled by resolution.

Clerk

1. That all surety bonds for public officials be made available for review.
2. That all bid documents for bids under review be made available.

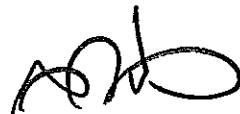
STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

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. Wielkottz
Registered Municipal Accountant
No. CR00413



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

November 26, 2008