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TOWN OF KEARNY
Financial Statements With
Supplementary Information
December 31, 2014
(With Independent Auditors' Reports Thereon)

TOWN OF KEARNY
TABLE OF CONTENTS

PART I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Regulatory Basis	5
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	7
A-2	Statement of Revenues - Regulatory Basis	8
A-3	Statement of Expenditures - Regulatory Basis	11
	<u>TRUST FUNDS</u>	
B	Comparative Balance Sheet - Regulatory Basis	19
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Regulatory Basis	21
C-1	Statement of Changes in Fund Balance - Regulatory Basis	22
	<u>WATER UTILITY FUND</u>	
D	Comparative Balance Sheet - Regulatory Basis	23
D-1	Statement of Operations and Changes in Fund Balance - Regulatory Basis	25
D-2	Schedule of Fund Balance - Regulatory Basis	26
D-3	Statement of Revenues - Regulatory Basis	27
D-4	Statement of Expenditures - Regulatory Basis	28
	<u>PUBLIC ASSISTANCE TRUST FUND</u>	
E	Comparative Balance Sheets - Regulatory Basis	29
	<u>PAYROLL ACCOUNT</u>	
F	Comparative Balance Sheet - Regulatory Basis	30
	<u>GENERAL FIXED ASSETS ACCOUNT GROUP</u>	
G	Statement of General Fixed Assets - Regulatory Basis	31
	Notes to Financial Statements	32
	Supplementary Data and Schedules	57

TOWN OF KEARNY
TABLE OF CONTENTS
(continued)

<u>Exhibit</u>		<u>Page</u>
	<u>SUPPLEMENTARY SCHEDULES</u>	
	<u>CURRENT FUND</u>	
A-4	Cash Receipts and Disbursements - Treasurer	60
A-5	Schedule of Cash - Change Fund	61
A-6	Schedule of Cash - Petty Cash	61
A-7	Schedule of Amount Due from/(to) State of New Jersey for Senior Citizens' and Veterans' Deductions - Ch. 129 P.L. 1976	62
A-8	Schedule of Taxes Receivable and Analysis of Property Tax Levy	63
A-9	Schedule of Tax Title Liens Receivable	64
A-10	Schedule of Property Acquired for Taxes	64
A-11	Schedule of Revenue Accounts Receivable	65
A-12	Schedule of Grants Receivable	66
A-13	Schedule of Appropriation Reserves	68
A-14	Schedule of Reserve for Library Expenditures - State Aid	70
A-15	Schedule of Tax Overpayments	71
A-16	Schedule of Interfunds Due from/(to) Various Funds	72
A-17	Schedule of County Taxes Payable	73
A-18	Schedule of Local District School Taxes Payable	73
A-19	Schedule of Prepaid Taxes	74
A-20	Schedule of Due to State - DCA Fees	75
A-21	Schedule of Reserve for Due to Library	76
A-22	Schedule of Appropriated Reserves for Grants	77
A-23	Schedule of Due from State of New Jersey - State Aid	79
A-24	Schedule of Reserve for Encumbrances	80
A-25	Schedule of Reserve for Urban Enterprise Zone	80
A-26	Schedule of Unappropriated Reserves	81
A-27	Schedule of Deferred Charges N.J.S.A. 40A:4-53, Special Emergency Authorization	82
A-28	Schedule of Special Emergency Notes Payable	83
A-29	Schedule of Tax Anticipation Notes	84
	<u>TRUST FUND</u>	
B-1	Schedule of Cash	85
B-2	Schedule of Due to State of New Jersey	86
B-3	Schedule of Community Development Receivables	87
B-4	Schedule of Reserve for Animal Trust Fund Expenditures	88

TOWN OF KEARNY

TABLE OF CONTENTS
(continued)

<u>Exhibit</u>		<u>Page</u>
	<u>TRUST FUND (continued)</u>	
B-5	Schedule of Reserves	89
B-6	Schedule of Reserve for Community Development Block Grants	90
B-7	Schedule of Reserve for Urban Development Action Grant Trust Fund	91
B-8	Schedule of Interfunds Due from/(to) Various Funds - Other Trust Fund	92
B-9	Schedule of Intrafunds Due from/to Various Trust Funds- Other Trust Fund	93
	<u>GENERAL CAPITAL FUND</u>	
C-2	Schedule of Cash	94
C-3	Analysis of Cash	95
C-4	Schedule of Grants Receivable	96
C-5	Schedule of Loans Receivable	97
C-6	Schedule of Deferred Charges to Future Taxation - Funded	98
C-7	Schedule of Deferred Charges to Future Taxation - Unfunded	99
C-8	Schedule of General Serial Bonds Payable	101
C-9	Schedule of New Jersey Wastewater Loan Payable	103
C-10	Schedule of Green Acres Trust Loans Payable	106
C-11	Schedule of Improvement Authorizations	110
C-12	Schedule of Reserve for Payment of Debt	111
C-13	Schedule of Capital Improvement Fund	112
C-14	Schedule of Bond Anticipation Notes Payable	113
C-15	Schedule of Bonds and Notes Authorized But Not Issued	114
	<u>WATER UTILITY FUND</u>	
D-5	Schedule of Cash - Treasurer	115
D-6	Analysis of Cash	116
D-7	Schedule of Deferred Charges N.J.S.A. 40A:4-53, Special Emergency Authorization	117
D-8	Schedule of Consumers' Accounts Receivable - Operating Fund	118
D-9	Schedule of 2013 Appropriation Reserves	119
D-10	Schedule of Loans Receivable	120
D-11	Schedule of Fixed Capital	121
D-12	Schedule of Fixed Capital Authorized and Uncompleted	122
D-13	Schedule of Special Emergency Notes Payable	123
D-14	Schedule of Accrued Interest on Bonds and Notes	124
D-15	Schedule of Improvement Authorizations	125

TOWN OF KEARNY

TABLE OF CONTENTS
(continued)

<u>Exhibit</u>		<u>Page</u>
	<u>WATER UTILITY FUND (continued)</u>	
D-16	Schedule of Capital Improvement Fund	126
D-17	Schedule of Reserve for Amortization	126
D-18	Schedule of Reserve for Payment of Debt, Ord. 2010-05	127
D-19	Schedule of Water Utility Serial Bonds	128
D-20	Schedule of New Jersey Wastewater Loan Payable	129
D-21	Schedule of Bond Anticipation Notes Payable	132
D-22	Schedule of Bonds and Notes Authorized But Not Issued	133
	<u>PUBLIC ASSISTANCE TRUST FUND</u>	
E-1	Schedule of Cash	134
E-2	Schedule of Reserve for Public Assistance Expenditures	134
	<u>PART II</u>	
	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	135
	Independent Auditor's 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	137
	Schedule of Expenditures of Federal Awards	140
	Schedule of Expenditures of State Financial Assistance	144
	Notes to the Schedules of Expenditures of Federal and State Awards	148
	Schedule of Findings and Questioned Costs	150
	General Comments	153
	Other Comments	157
	Recommendations	158
	Status of Prior Year Audit Findings/Recommendations	159

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 December 31, 2014 and 2013, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), 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.

The Honorable Mayor and
Members of the Town Council
Page 2.

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Town of Kearny on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Town of Kearny as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2014, the regulatory basis statements of operations for the year then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2014 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kearny's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.


The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

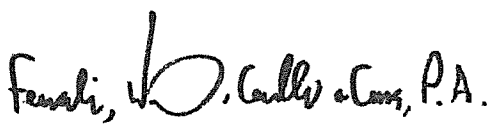
The Honorable Mayor and
Members of the Town Council
Page 4.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2015 on our consideration of the Town of Kearny's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Kearny's internal control over financial reporting and compliance.



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



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Certified Public Accountants
Pompton Lakes, New Jersey

July 29, 2015

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2014 and 2013

			Dec. 31, 2014	Dec. 31, 2013
	<u>Assets</u>	<u>Ref.</u>		
Regular Fund:				
Current Assets:				
Cash - Operating Accounts	A-4	\$	6,611,787	7,870,520
Cash - Change Fund	A-5		800	800
			<u>6,612,587</u>	<u>7,871,320</u>
Due from State of New Jersey per				
Ch. 129, P.L. 1976	A-7		16,946	6,196
State Aid	A-23		<u>6,873,304</u>	<u>6,718,237</u>
			<u>6,890,250</u>	<u>6,724,433</u>
			<u>13,502,837</u>	<u>14,595,753</u>
Receivables and Other Assets with Full Reserves:				
Delinquent Property Taxes	A-8		1,526,703	1,534,020
Tax Title Liens	A-9		6,730,416	6,182,163
Property Acquired for Taxes -				
Assessed Valuation	A-10		2,943,200	2,943,200
Revenue Accounts Receivable	A-11		83,164	70,314
Interfunds Receivable:				
Escrow Trust Fund	A-16		<u>1,111</u>	<u>959</u>
			<u>11,284,594</u>	<u>10,730,656</u>
Deferred Charges:				
Special Emergency Authorization	A-27		<u>1,598,000</u>	<u>1,480,000</u>
			<u>1,598,000</u>	<u>1,480,000</u>
			<u>26,385,431</u>	<u>26,806,409</u>
Federal and State Grant Fund:				
Cash - Operating Accounts	A-4		2,973,403	3,517,393
Grants Receivable	A-12		<u>2,225,829</u>	<u>2,395,761</u>
			<u>5,199,232</u>	<u>5,913,154</u>
		\$	<u>31,584,663</u>	<u>32,719,563</u>

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2014 and 2013

	<u>Ref.</u>	Dec. 31, <u>2014</u>	Dec. 31, <u>2013</u>
Liabilities, Reserves and Fund Balance			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3/A-13	\$ 591,729	1,001,278
Unencumbered	A-3/A-13	65,770	234,602
Reserve for:			
Maintenance of Free Public Library w/ State Aid	A-14	68,065	73,752
Tax Overpayments	A-15	83,687	159,384
Due to Library	A-21	210,959	295,300
Prepaid Taxes	A-19	533,904	414,464
Interfunds Payable	A-16		1,736
Special Emergency Note Payable	A-28	1,598,000	1,480,000
Tax Anticipation Note Payable	A-29	10,000,000	1,000,000
		<u>13,152,114</u>	<u>4,660,516</u>
Reserve for Receivables	Contra	11,284,594	10,730,656
Fund Balance	A-1	<u>1,948,723</u>	<u>2,415,237</u>
		<u>26,385,431</u>	<u>17,806,409</u>
Federal and State Grant Fund			
Reserve for:			
Appropriated Grants	A-22	1,748,467	2,112,980
Encumbrances	A-24	642,879	426,657
Urban Enterprise Zone	A-25	2,753,269	3,373,517
Unappropriated Grants	A-26	<u>54,617</u>	
		<u>5,199,232</u>	<u>5,913,154</u>
		<u>\$ 31,584,663</u>	<u>23,719,563</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

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues and Other Income:		
Fund Balance Utilized	\$ 2,400,000	4,800,000
Miscellaneous Revenue Anticipated	32,289,966	30,338,929
Receipts from Delinquent Taxes	1,448,903	2,126,941
Receipts from Current Taxes	104,087,146	102,467,678
Non-Budget Revenue	370,989	1,123,298
Other Credits to Income:		
Grants Canceled		309,296
Prior Years Interfunds Returned		14,000
Liabilities Cancelled		363
Unexpended Balance of Appropriation Reserves	<u>206,962</u>	<u>98,265</u>
Total Revenues and Other Income	<u>140,803,966</u>	<u>141,278,770</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	29,981,500	29,167,000
Other Expenses	27,372,070	27,926,849
Capital Improvement Fund	200,063	194,010
Municipal Debt Service	8,358,754	8,687,176
Deferred Charges	1,272,000	670,000
Statutory Expenditures	<u>6,814,104</u>	<u>7,477,294</u>
	<u>73,998,491</u>	<u>74,122,329</u>
Prior Year Tax Court Judgements	342,582	694,275
Grants Receivable Canceled		309,296
Reimbursement of Expenses		1,736
Prior Year Revenue Refunded		1,690
Senior Citizen and Veteran Deductions Disallowed - State Audit		6,000
County Taxes	17,874,221	17,753,786
Local District School Tax	<u>47,113,186</u>	<u>46,612,246</u>
Total Expenditures	<u>139,328,480</u>	<u>139,501,358</u>
Excess (Deficit) Revenue Over Expenditures	1,475,486	1,777,412
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which Are By Statute Deferred		
Charges to Budget of Succeeding Year	<u>458,000</u>	<u>600,000</u>
Statutory Excess to Fund Balance	1,933,486	2,377,412
Fund Balance, January 1,	<u>2,415,237</u>	<u>4,837,825</u>
	4,348,723	7,215,237
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>2,400,000</u>	<u>4,800,000</u>
Fund Balance, December 31,	<u>\$ 1,948,723</u>	<u>2,415,237</u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 2,400,000	2,400,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	\$ 50,000	49,374	(626)
Other	100,000	89,107	(10,893)
Fees and Permits	166,000	223,663	57,663
Fines and Costs:			
Municipal Court	961,000	945,852	(15,148)
Interest and Costs on Taxes	382,000	282,771	(99,229)
Parking Meters	237,000	220,235	(16,765)
Interest on Investments and Deposits	103,000	86,801	(16,199)
Hackensack Meadowlands Development Corporation - Tax Sharing	3,779,000	3,779,980	980
Hartz Mountain Lease Agreement	122,000	122,736	736
Consolidated Municipal Property Tax Relief Aid			
Transitional Aid	2,500,000	2,500,000	
Energy Receipts Tax	18,465,489	18,465,489	
Uniform Construction Code Fees	488,000	634,112	146,112
State and Federal Revenues Offset w/ Appropriations:			
Bulletproof Vest Partnership Grant FY-2014	15,341	15,341	
Clean Communities Grant FY-2014	47,589	47,589	
Hazardous Discharge Site Remediation Fund	45,948	45,948	
Hazard Mitigation Grant - Energy Allocation Initiative	250,000	250,000	
Hazard Mitigation Grant - Local Designated Shelter	132,853	132,853	
KUEZ Administrative Budget FY2015-2016	150,000	150,000	
KUEZ Construction Parking Lot 101 Kearny Avenue	215,781	215,781	
De-snagging and Shoal Dredging Grant	88,032	88,032	
Body Armor Replacement Fund 2014	8,851	8,851	
Traffic Safety-Drive Sober or Get Pulled Over	5,000	5,000	
Traffic Safety-Drive Sober Super Bowl	4,000	4,000	
Port Security Grant (Fire Boat) FY 2010	112,257	112,257	
Port Security Grant (Fire Boat Equipment) FY2011	200	200	
Office of Aging Grant 2014	51,100	51,100	
HC Open Space Grant - Riverbank Park Dog Run	175,000	175,000	
Municipal Alliance Grant FY-2015	35,148	35,148	
Hazardous Discharge Site Remediation Fund	84,451	84,451	

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Other Special Items:			
Utility Operating Sureplus of Prior Year			
Uniform Fire Safety Act	111,000	108,900	(2,100)
Kearny Municipal Utilities Authority Sludge Removal	860,000	860,000	
Franchise Feds - Comcast & Verizon	417,000	417,605	605
Recycling Revenue	208,000	31,117	(176,883)
Police Private Duty Administrative Fees	88,000	116,670	28,670
PVSC User Fees	13,000	33,173	20,173
Clean Earth	83,000	28,451	(54,549)
General Capital Surplus	62,000	62,000	
Reserve for Payment of Debt	20,000		(20,000)
New Jersey Meadowlands Lease Agreements	1,343,000	1,224,150	(118,850)
PILOT Payments	65,000	68,676	3,676
Federal and State Reimbursement - Emergency	82,000	82,553	553
South Kearny Police & Fire Facility - Litigation Settlement	435,000	435,000	
Total Miscellaneous Revenues	32,562,040	32,289,966	(272,074)
Receipts from Delinquent Taxes	1,500,000	1,448,903	(51,097)
Subtotal General Revenues	36,462,040	36,138,869	(323,171)
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	40,803,617	41,599,739	796,122
Budget Totals	77,265,657	77,738,608	472,951
Non-Budget Revenue		370,989	370,989
	<u>\$ 77,265,657</u>	<u>78,109,597</u>	<u>843,940</u>
Adopted Budget	75,844,106		
Added by N.J.S.A. 40A:4-87	1,421,551		
	<u>\$ 77,265,657</u>		

TOWN OF KEARNY, N.J.
Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2014

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 104,087,146
Allocated to County of Hudson	\$ 17,874,221
Local School District	<u>47,113,186</u>
	<u>64,987,407</u>
Balance for Support of Municipal Budget Appropriations	39,099,739
Add : Appropriation - Reserve for Uncollected Taxes	<u>2,500,000</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 41,599,739</u>
Receipts from Delinquent Taxes:	
Delinquent Taxes	1,420,108
Tax Title Liens	<u>28,795</u>
	<u>\$ 1,448,903</u>

Analysis of Non-budget Revenues

Miscellaneous Revenue Not Anticipated

Miscellaneous and Other	\$ 37,203
Reimbursements-County & State	3,545
Health Services-East Newark	7,500
Premium on Tax and Emergency Notes	31,300
Acces Agreements-Accidental Chemical	12,000
Redevelopment Agreement-Admin Fees	90,000
NJMC IA Landfill Solar Project	20,000
Insurance Reimbursement-Workers Compensation	49,132
Response Calls-NJ Turnpike Authority	2,200
Auction and Sale of Assets	72
Motor Vehicle Inspection Fines	1,600
Outstanding Checks Voided	4,103
Refunds	3,702
Rentals and Leases	98,220
Unclaimed Municipal Court Bail	2,316
NSF Check Fees	105
Tax Sale Costs	5,096
SC&VT Deduction-Admin Fees	<u>2,895</u>
	<u>\$ 370,989</u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
General Government:					
Administration:					
Salaries and Wages	\$ 140,000	134,600	134,527	73	
Other Expenses	50,000	51,500	51,475	25	
Mayor and Council					
Salaries and Wages	112,000	111,200	111,192	8	
Other Expenses	5,000	4,600	4,504	96	
Town Clerk					
Salaries and Wages	230,000	215,000	214,901	99	
Other Expenses	35,000	34,500	34,488	12	
Elections:					
Salaries and Wages	5,000	3,700	3,676	24	
Other Expenses	30,000	27,600	27,544	56	
Legal:					
Other Expenses	750,000	710,000	619,081	919	90,000
Auditor:					
Other Expenses	90,000	71,200	71,160	40	
Engineering:					
Other Expenses	130,000	110,500	60,179	321	50,000
Insurance:					
Life Insurance for Employees	60,000	57,100	57,073	27	
Employee Hospitalization	10,686,000	10,686,000	10,435,514	486	250,000
Other Insurance	30,000	20,200	20,124	76	
Dedicated Insurance Fund	1,185,000	1,157,700	1,157,610	90	
Municipal Court					
Salaries and Wages	450,000	439,400	439,352	48	
Other Expenses	35,000	42,400	42,363	37	
Prosecutor	50,000	43,800	43,624	176	
Public Defender:					
Other Expenses	30,000	21,700	21,667	33	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Financial Administration:					
Treasurer:					
Salaries and Wages	308,000	298,600	298,563	37	
Other Expenses	275,000	254,000	253,999	1	
Assessment of Taxes:					
Salaries and Wages	98,000	77,900	77,823	77	
Other Expenses	80,000	78,000	77,841	159	
Collection of Taxes:					
Salaries and Wages	135,000	130,200	130,146	54	
Other Expenses	15,000	14,500	14,144	356	
Public Safety:					
Police:					
Salaries and Wages	14,450,000	14,620,600	14,520,564	36	100,000
Other Expenses	400,000	400,500	388,128	12,372	
Uniform Fire Safety Act: (P.L. 1983 Chap. 383)					
Fire:					
Salaries and Wages	10,145,000	10,477,500	10,477,498	2	
Other Expenses	200,000	210,000	209,981	19	
Fire Prevention					
Salaries and Wages	135,000	165,300	165,241	59	
Health and Welfare					
Board of Health					
Salaries and Wages	340,000	422,000	341,975	25	80,000
Other Expenses	50,000	50,000	49,948	52	
Intercounty Council on Drugs	6,000	6,000		6,000	
Board of Health-Contractual agreement	80,000	75,300	75,271	29	
Meals on Wheels Program					
Other Expenses	35,000	43,900	43,831	69	
Animal License					
Other Expenses	75,000	75,000	75,000		
Shelter Workshop for Handicapped	22,000	22,000	22,000		

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Department of Public Works					
Streets and Roads:					
Salaries and Wages	1,250,000	1,279,300	1,179,229	71	100,000
Other Expenses	475,000	568,000	565,930	2,070	
Pump Maintenance- North Arlington	10,000	3,700	3,621	79	
Shade Tree:					
Salaries and Wages	643,000	685,000	584,985	15	100,000
Other Expenses	275,000	262,000	211,412	588	50,000
Public Buildings and Grounds:					
Salaries and Wages	183,000	180,000	179,956	44	
Other Expenses	450,000	445,000	344,443	557	100,000
Vehicle Maintenance:					
Salaries and Wages	224,000	222,900	222,801	99	
Other Expenses	225,000	213,000	211,863	1,137	
Recreation and Parks:					
Recreation:					
Unified Recreation Committee	155,000	102,800	102,706	94	
Other Expenses	60,000	60,000	59,819	181	
Parks and Playgrounds:					
Other Expenses:	50,000	47,000	43,346	3,654	
Celebration of Public Events:					
Other Expenses:	35,000	25,000	24,977	23	
Senior Citizen Center					
Salaries and Wages	175,000	185,800	185,730	70	
Other Expenses	15,000	11,500	11,417	83	
Construction Code Enforcement					
Salaries and Wages	505,000	552,200	552,129	71	
Other Expenses	45,000	18,700	18,597	103	
Zoning Commission					
Salaries and Wages	3,000	3,000	2,580	420	
Other Expenses	25,000	25,000	15,828	9,172	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Board of Appeals					
Salaries and Wages	1,000				
Other Expenses	2,500				
Planning Board					
Salaries and Wages	3,000	3,000	3,000		
Other Expenses	25,000	10,000	6,868	3,132	
Parking Lot Lease Payment	50,000	34,100	34,081	19	
Annual League Conventions	2,000	400	340	60	
Management Information					
Salaries and Wages	52,000	51,500	51,446	54	
Other Expenses	150,000	153,500	149,803	3,697	
Unclassified:					
Electricity and Gas	400,000	515,000	514,636	364	
Street Lighting	700,000	695,000	691,850	3,150	
Communications	300,000	290,000	235,811	4,189	50,000
Gasoline	400,000	391,800	341,284	516	50,000
Postage	50,000	74,700	74,681	19	
North Hudson Community Action Council	10,000	10,000	10,000		
Landfill and Solid Waste Disposal Costs					
Garbage and Trash:					
Garbage and Trash Collection	1,400,000	1,374,300	1,374,300		
Garbage and Trash Disposal	1,800,000	1,800,000	1,800,000		
Total Operations within "CAPS"	51,100,500	51,657,200	50,581,476	55,724	1,020,000
B. Contingent	2,000	2,000			2,000
Total Operations Including Contingent-within "CAPS"	51,102,500	51,659,200	50,581,476	55,724	1,022,000
Detail:					
Salaries & Wages	29,742,000	30,361,500	29,980,020	1,480	380,000
Other Expenses (Including Contingent)	21,360,500	21,297,700	20,601,456	54,244	642,000

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
Deferred Charges					
Anticipated Deficit in Water Utility Budget	932,000	932,000	932,000		
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	775,630	704,330	704,240	90	
Social Security System (O.A.S.I.)	825,000	796,600	796,523	77	
Consolidated Police and Firemen's Pension	75,000	71,600	71,567	33	
Police and Firemen's Retirement System	5,181,174	5,181,174	5,181,174		15,000
Unemployment Insurance	100,000	65,000	50,000		
Defined Contribution Retirement Program	10,000	10,400	10,347	53	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	7,898,804	7,761,104	7,745,851	253	15,000
Total General Appropriations for Municipal Purposes within "CAPS"	59,001,304	59,420,304	58,327,327	55,977	1,037,000
Passaic Valley Sewer Commission:					
Share of Costs	4,166,000	4,166,000	4,165,931	69	
Employee Hospitalization	54,000	54,000	54,000		
Maintenance of Free Public Library (Ch. 82 & 541, P.L. 1985)	1,074,819	1,074,819	1,065,095	9,724	
Total Other Operations - Excluded from "CAPS"	5,294,819	5,294,819	5,285,026	9,793	
Public and Private Programs Offset by Revenues					
Bulletproof Vest Partnership Grant FY-2014	15,341	15,341	15,341		
Clean Communities Grant FY-2014	47,589	47,589	47,589		

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public and Private Programs Offset by Revenues (Cont...)					
Hazardous Discharge Site Remediation Fund	45,948	45,948	45,948		
Hazard Mitigation Grant - Energy Allocation Initiative	250,000	250,000	250,000		
Hazard Mitigation Grant - Local Designated Shelter	132,853	132,853	132,853		
KUEZ Administrative Budget FY2015-2016	150,000	150,000	150,000		
KUEZ Construction Parking Lot 101 Kearny Avenue	215,781	215,781	215,781		
De-snagging and Shoal Dredging Grant	88,032	88,032	88,032		
Body Armor Replacement Fund 2014	8,851	8,851	8,851		
Traffic Safety-Drive Sober or Get Pulled Over	5,000	5,000	5,000		
Traffic Safety-Drive Sober Super Bowl	4,000	4,000	4,000		
Port Security Grant (Fire Boat) FY 2010	112,257	112,257	112,257		
Port Security Grant (Fire Boat Equipment) FY2011	200	200	200		
Office of Aging Grant 2014	51,100	51,100	51,100		
HC Open Space Grant - Riverbank Park Dog Run	175,000	175,000	175,000		
Municipal Alliance Grant FY-2015	35,148	35,148	35,148		
Hazardous Discharge Site Remediation Fund	84,451	84,451	84,451		
Total Public and Private Programs Offset by Revenues	1,421,551	1,421,551	1,421,551		
Total Operations-Excluded from "CAPS"	6,716,370	6,716,370	6,706,577	9,793	
Detail:					
Salaries and Wages					
Other Expenses	6,716,370	6,716,370	6,706,577	9,793	
Capital Improvements-"Excluded from CAPS"					
Capital Improvement Fund	161,063	200,063	200,063		
Total Capital Improvements-"Excluded from CAPS"	161,063	200,063	200,063		

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Municipal Debt Service - Excluded from "CAPS"					
Green Trust Loan Program	94,135	94,135	94,132		3
Loan Repayments for Principal and Interest					
N.J. Wastewater Treatment Trust					
Loan Repayments for Principal and Interest	733,215	733,215	723,080		10,135
Payment of Bond Principal	5,728,000	5,728,000	5,728,000		
Payment of Bond Anticipation Notes and Capital Notes	748,515	748,515	572,000		176,515
Interest on Bonds	1,012,000	1,012,000	1,011,538		462
Interest on Notes	231,055	231,055	230,004		1,051
Total Municipal Debt Service-Excluded from "CAPS"	8,546,920	8,546,920	8,358,754		188,166
DEFERRED CHARGES:					
Emergency Authorizations	340,000	340,000	340,000		
Total Deferred Charges - Municipal - Excluded from "CAPS"	340,000	340,000	340,000		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	15,764,353	15,803,353	15,605,394	9,793	188,166
Subtotal General Appropriations	74,765,657	75,223,657	73,932,721	65,770	1,225,166
Reserve for Uncollected Taxes	2,500,000	2,500,000	2,500,000		
Total General Appropriations	\$ 77,265,657	77,723,657	76,432,721	65,770	1,225,166

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
<u>Budget</u>				
Adopted Budget	75,844,106			
Emergency Appropriations	458,000			
Added by N.J.S.A. 40A:4-87	<u>1,421,551</u>			
	\$ <u>77,723,657</u>			
Reserve for Uncollected Taxes		2,500,000		
Grants		1,421,551		
Encumbrances		591,729		
Deferred Charges		340,000		
Cash		<u>71,579,441</u>		
		\$ <u>76,432,721</u>		

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2014 and 2013

	<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Animal Trust Fund:				
Cash		B-1	<u>30,438</u>	<u>21,027</u>
			<u>30,438</u>	<u>21,027</u>
Other Trust Funds:				
Cash		B-1	4,373,282	3,353,127
Intrafund Accounts Receivable				
Due from Escrow Trust Fund		B-9	216,871	216,871
Interfund Accounts Receivable		B-8	<u>1,736</u>	<u>1,736</u>
			<u>4,590,153</u>	<u>3,571,734</u>
Community Development Trust Fund:				
Community Development Grants Receivable		B-3	<u>570,039</u>	<u>1,132,119</u>
			<u>570,039</u>	<u>1,132,119</u>
Urban Development Action Grant Trust Fund:				
Cash		B-1	1,032,681	986,638
Intrafund Accounts Receivable:				
Community Development Trust Fund		B-9	<u>1,211</u>	<u>47,254</u>
			<u>1,033,892</u>	<u>1,033,892</u>
			<u>\$ 6,224,522</u>	<u>5,758,772</u>

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2014 and 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Trust Fund:			
Due to State of New Jersey	B-2	31	19
Reserve for Animal Control Expenditures	B-4	<u>30,407</u>	<u>21,008</u>
		<u>30,438</u>	<u>21,027</u>
Other Trust Fund:			
Reserves for:			
Other Expenditures	B-5	4,372,171	3,353,904
Interfund Accounts Payable:			
Due to Current Fund	B-8	1,111	959
Intrafund Accounts Payable:			
Due to Affordable Housing Trust Fund	B-9	98,357	98,357
Due to Other Trust Fund	B-9	<u>118,514</u>	<u>118,514</u>
		<u>4,590,153</u>	<u>3,571,734</u>
Community Development Trust Fund:			
Intrafund Accounts Payable:			
Due to Urban Development Action Grant Trust Fund	B-9	1,211	47,254
Reserve for Community Development Block Grants	B-6	<u>568,828</u>	<u>1,084,865</u>
		<u>570,039</u>	<u>1,132,119</u>
Urban Development Action Grant Trust Fund:			
Reserve for Urban Development Action Grants	B-7	<u>1,033,892</u>	<u>1,033,892</u>
		<u>\$ 6,224,522</u>	<u>5,758,772</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2014 and 2013

	<u>Ref.</u>	<u>Dec. 31,</u> <u>2014</u>	<u>Dec. 31,</u> <u>2013</u>
<u>Assets</u>			
Cash - Checking Accounts	C-2/C-3	\$ 572,823	3,689,960
Accounts Receivable:			
Department of Transportation Grants	C-4	706,187	658,660
Loans Receivable:			
Environmental Infrastructure Loans	C-5	858,918	858,918
Deferred Charges to Future Taxation:			
Funded	C-6	28,884,140	35,315,095
Unfunded	C-7	<u>17,707,067</u>	<u>14,004,067</u>
		<u>\$ 48,729,135</u>	<u>54,526,700</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	21,406,000	27,134,000
Bond Anticipation Notes Payable	C-14	13,452,377	14,024,377
New Jersey Wastewater Loan Payable	C-9	6,350,969	6,981,329
Green Acres Trust Loan Payable	C-10	1,127,171	1,199,766
Improvement Authorizations:			
Funded	C-11	120,695	424,705
Unfunded	C-11	6,244,043	4,674,826
Capital Improvement Fund	C-13		24,937
Fund Balance	C-1	<u>27,880</u>	<u>62,760</u>
		<u>\$ 48,729,135</u>	<u>54,526,700</u>

There were \$4,275,000 and \$0 of Bonds and Notes Authorized but Not Issued on December 31, 2013 and December 31, 2014 respectively (Exhibit C-15).

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Balance, December 31, 2013	\$ 62,760	29,602
Increased by:		
Cancelled Improvement Authorizations		4,616
Bond Anticipation Note Premium	<u>27,120</u>	<u>58,144</u>
	89,880	92,362
Decreased by Disbursements:		
Appropriated as Budget Revenue	<u>62,000</u>	<u>29,602</u>
Balance, December 31, 2014	<u><u>\$ 27,880</u></u>	<u><u>62,760</u></u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2014 and 2013

<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 215,556	78,391
Overexpenditure of Appropriations	D-4		64,507
Deferred Charges - Special Emergency	D-7	42,000	
Deficit in Operations	D-1	72,570	40,386
		<u>330,126</u>	<u>183,284</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-8	904,411	766,390
		<u>904,411</u>	<u>766,390</u>
Total Water Utility Operating Fund		<u>1,234,537</u>	<u>949,674</u>
Capital Fund:			
Cash - Treasurer	D-5,D-6	1,580,612	1,776,397
Loans Receivable			
Environmental Infrastructure Loans	D-10	243,636	389,551
Fixed Capital	D-11	28,355,425	28,355,425
Fixed Capital Authorized and Uncompleted	D-12	3,635,573	2,635,573
Total Capital Fund		<u>33,815,246</u>	<u>33,156,946</u>
		<u>\$ 35,049,783</u>	<u>34,106,620</u>

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2014 and 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-9	1,839	15,689
Reserve for Encumbrances	D-4	53,074	47,267
Emergency Notes Payable	D-13	42,000	
Accrued Interest on Bonds and Notes	D-14	233,213	120,328
		330,126	183,284
Reserve for Receivables	Contra	904,411	766,390
Total Water Utility Operating Fund		1,234,537	949,674
Capital Fund:			
Serial Bonds Payable	D-19	5,833,000	6,173,000
NJ Environmental Infrastructure Loan Payable	D-20	1,519,995	1,636,586
Bond Anticipation Notes Payable	D-21	6,658,338	6,671,038
Improvement authorization:			
Funded	D-15	200,224	349,471
Unfunded	D-15	2,419,568	1,583,678
Capital Improvement Fund	D-16	57,750	57,750
Reserve for:			
Amortization	D-17	16,873,765	16,404,474
Payment of Debt, Ord. 2010-5	D-18	240,000	240,000
Fund Balance	D-2	12,606	40,949
Total Capital Fund		33,815,246	33,156,946
		\$ 35,049,783	34,106,620

There were \$1,119,568 and \$119,568 of Bonds and Notes Authorized But Not Issued on December 31, 2014 and December 31, 2013 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 December 31, 2014 and 2013

	Dec. 31, <u>2014</u>	Dec. 31, <u>2013</u>
Revenue and other income:		
Water rents	\$ 5,201,756	5,345,444
Reserve for Payment of Debt		53,859
Water Capital Surplus	40,949	18,728
Deficit (General Budget)	932,000	450,000
Miscellaneous Revenue	3,113	18,928
Unexpended balance appropriation reserve	<u>12,926</u>	<u>101,310</u>
Total revenue and other income	<u>6,190,744</u>	<u>5,988,269</u>
Expenditures:		
Operating	5,279,000	5,128,500
Debt service	871,699	917,030
Deferred charges and statutory expenditures	<u>154,615</u>	<u>47,632</u>
Total expenditures	<u>6,305,314</u>	<u>6,093,162</u>
Deficit in Revenue	(114,570)	(104,893)
Adjustment to income before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u>42,000</u>	<u>64,507</u>
Operating Deficit to be Raised in Budget of Succeeding Year	<u>\$ (72,570)</u>	<u>(40,386)</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

Water Utility Capital Fund

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Balance, December 31,	\$ 40,949	18,728
Increased by:		
Premium on Bond Anticipation Notes	<u>12,606</u>	<u>40,949</u>
	53,555	59,677
Decreased by:		
Utilized as Budget Revenue - Operating Fund	<u>40,949</u>	<u>18,728</u>
Balance, December 31,	<u><u>\$ 12,606</u></u>	<u><u>40,949</u></u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2014

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Rents	\$ 5,345,000	5,201,756	(143,244)
Utility Capital Surplus	40,949	40,949	
Reserve for Payment of Debt	13,666		(13,666)
Miscellaneous		3,113	
Deficit (General Budget)	<u>932,000</u>	<u>932,000</u>	
	<u>\$ 6,331,615</u>	<u>6,177,818</u>	<u>(156,910)</u>

Analysis of Realized Revenue

Rents	\$ 5,201,756
Utility Capital Surplus	40,949
Miscellaneous	3,113
Deficit (General Budget)	<u>932,000</u>
	<u>6,177,818</u>

Analysis of Miscellaneous Revenue Not Anticipated

Stand Pipe Permit	315
Hydrant Permit	930
Void Checks	368
Connection Fee	<u>1,500</u>
	<u>\$ 3,113</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2014

	Appropriations		Paid or charged	Reserved	Canceled
	Budget	Budget after modification			
Operating:					
Salaries and Wages	\$ 674,000	647,600	647,535	65	
Other Expenses	800,000	868,400	866,886	1,514	
North Jersey Water District Supply	3,763,000	3,763,000	3,762,926	74	
Total Operating	5,237,000	5,279,000	5,277,347	1,653	
Debt Service:					
General Serial Bonds:					
Payment of Principal	340,000	340,000	340,000		53,300
Payment of Bond Anticipation and Capital Notes	66,000	66,000	12,700		
Interest on Bonds	260,000	260,000	260,000		
Interest on Notes	140,000	140,000	140,000		
NJEIT Loans	134,000	134,000	118,999		15,001
Total Debt Service	940,000	940,000	871,699		68,301
Deferred Charges and Statutory Expenditures:					
Deferred Charges:					
Overexpenditures	64,507	64,507	64,507		
Deficit in Operations	40,386	40,386	40,386		
Statutory Expenditures - Contribution to:					
Social Security	49,722	49,722	49,536	186	
Total Deferred Charges and Statutory Expenditures	154,615	154,615	154,429	186	
	\$ 6,331,615	6,373,615	6,303,475	1,839	68,301
Adopted Budget		6,331,615			
Emergency Appropriations		42,000			
	\$	6,373,615			
Cash Disbursed			5,728,099		
Deferred Charges			104,893		
Accrued Interest on Bonds and Notes			417,409		
Encumbrances			53,074		
			\$ 6,303,475		

See accompanying notes to financial statements.

Exhibit E

TOWN OF KEARNY, N.J.

Comparative Balance Sheets-Regulatory Basis

Public Assistance Trust Fund

December 31, 2014 and 2013

	<u>Ref.</u>	Dec. 31, <u>2014</u>	Dec. 31, <u>2013</u>
<u>Assets</u>			
<u>Goodwill Account</u>			
Cash	E-1	\$ <u>26,332</u>	<u>26,675</u>
		\$ <u>26,332</u>	<u>26,675</u>
<u>Liabilities</u>			
<u>Goodwill Account</u>			
Reserve for Public Assistance Expenditures	E-2	\$ <u>26,332</u>	<u>26,675</u>
		\$ <u>26,332</u>	<u>26,675</u>

See accompanying notes to the financial statements.

Exhibit F

TOWN OF KEARNY, N.J.

Comparative Balance Sheets-Regulatory Basis

Payroll Account

December 31, 2014 and 2013

	Dec. 31, <u>2014</u>	Dec. 31, <u>2013</u>
<u>Assets</u>		
Cash	\$ <u>2,660</u>	<u>11,182</u>
	\$ <u><u>2,660</u></u>	<u><u>11,182</u></u>
<u>Liabilities</u>		
Withholdings Payable	\$	8,409
Reserve for Net Payroll	<u>2,660</u>	<u>2,773</u>
	\$ <u><u>2,660</u></u>	<u><u>11,182</u></u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2014 and 2013

	Dec. 31, <u>2014</u>	Dec. 31, <u>2013</u>
General Fixed Assets:		
Land	\$ 55,925,900	55,925,900
Buildings	7,906,400	7,906,400
Machinery and equipment	<u>12,324,630</u>	<u>11,852,968</u>
	<u>76,156,930</u>	<u>75,685,268</u>
Investment in General Fixed Assets	\$ <u>76,156,930</u>	<u>75,685,268</u>

See accompanying notes to financial statements.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013

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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

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

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

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

The Town has the following funds and account group:

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

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

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

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

Community Development Block Grant - This fund is used to account for the award and receipt of grant monies and subsequent expenditure of grants awarded through the Department of Housing and Urban Development passed through the County of Hudson as required by the grant agreements.

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. The Town transferred administration of the assistance program to the Hudson County Board of Social Services.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

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

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

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

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

Basis of Accounting

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Town. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month of the year levied, 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,

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

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

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

Basis of Accounting, (continued)

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.

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 February 10, of the fiscal year. The budget shall be adopted not later than March 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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

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

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

Basis of Accounting, (continued)

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During the years ended December 31, 2014 and 2013, the Governing Body approved additional revenues and appropriations of \$1,421,551 and \$1,163,100, respectfully, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2014 and 2013. The Mayor and Council approved Current Fund Special Emergency appropriations of \$458,000 and \$600,000, respectfully, in 2014 and 2013 for accumulated sick and vacation payments. The Mayor and Council also approved Water Utility Special Emergency appropriations of \$42,000 and \$0, respectfully, in 2014 and 2013 for accumulated sick and vacation payments.

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 December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31 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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

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

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

Basis of Accounting, (continued)

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.

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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

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

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

Basis of Accounting, (continued)

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

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

Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

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

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

Basis of Accounting, (continued)

In January 2013, the Government Accounting Standards Board issued GASB Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term “government combinations” includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement, which is effective for financial statements beginning after December 15, 2013, will not have any effect on the entity’s financial reporting.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity’s financial statement disclosures.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this statement will require significant modifications to the disclosure requirements related to the entity’s proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

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 December 31, 2014, \$0- of the Town's bank balance of \$18,049,537 was exposed to custodial credit risk.

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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2014 consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable:					
General Obligation Debt	\$27,134,000	\$	\$5,728,000	\$21,406,000	\$6,000,000
Water Utility Obligation Debt	<u>6,173,000</u>	<u> </u>	<u>340,000</u>	<u>5,833,000</u>	<u>350,000</u>
Total Bonds Payable	<u>33,307,000</u>	<u> </u>	<u>6,068,000</u>	<u>27,239,000</u>	<u>6,350,000</u>
Other Liabilities:					
New Jersey Wastewater Loans - Current	6,981,329		630,360	6,350,969	642,663
New Jersey Wastewater Loans - Water	1,636,586		116,591	1,519,995	116,629
Green Acres Trust Loans	1,199,766		72,595	1,127,171	73,912
Compensated Absences Payable	<u>6,049,326</u>	<u>307,073</u>	<u>490,418</u>	<u>5,865,981</u>	<u> </u>
Total Other Liabilities	<u>15,867,007</u>	<u>307,073</u>	<u>1,309,964</u>	<u>14,864,116</u>	<u>833,204</u>
	<u>\$49,174,007</u>	<u>\$307,073</u>	<u>\$7,377,964</u>	<u>\$42,103,116</u>	<u>\$7,183,204</u>

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 Ended Dec. 31, 2014</u>	<u>Year Ended Dec. 31, 2013</u>	<u>Year Ended Dec. 31, 2012</u>
Issued:			
General Bonds, Notes and Loans	\$42,336,517	\$49,339,472	\$51,076,417
Municipal Utility Authority*	16,057,069	17,545,361	16,937,495
Water Utility Bonds, Notes and Loans	<u>14,011,333</u>	<u>14,480,624</u>	<u>15,473,248</u>
Net Debt Issued	<u>72,404,919</u>	<u>81,365,457</u>	<u>83,487,160</u>
Authorized But Not Issued:			
General Bonds and Notes	4,275,000		2,877,477
Water Utility Bonds and Notes	<u>1,119,568</u>	<u>119,568</u>	<u>344,193</u>
Total Authorized But Not Issued	<u>5,394,568</u>	<u>119,568</u>	<u>3,221,670</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$77,799,487</u>	<u>\$81,485,025</u>	<u>\$86,708,830</u>

* Guaranteed by the Town of Kearny

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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 1.880%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$24,900,000	\$24,900,000	\$0
General Debt	62,668,586	16,057,069	46,611,517
Utility Debt	15,130,901	240,000	14,890,901
	<u>\$102,699,487</u>	<u>\$41,197,069</u>	<u>\$61,502,418</u>

Net Debt \$61,502,418 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$3,270,963,466 equals 1.880%.

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

3 ½% of equalized valuation basis (municipal)	\$114,483,721
Net Debt	<u>61,502,418</u>
Remaining borrowing power	<u>\$52,981,303</u>

Calculation of "Self-Liquidating Purpose", Water Utility Per N.J.S.A. 40A:2-45

Cash receipts from fees, rents or other charges for year	\$5,245,818
Deductions:	
Operating and Maintenance Cost	\$5,328,722
Debt Service per Water Utility	<u>871,699</u>
Total Deductions	<u>6,200,421</u>
(Deficit) in Revenue	<u>(\$954,603)</u>

The Water Utility is not Self-Liquidating

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

The Town's long term debt consisted of the following at December 31, 2014:

<u>General Obligation Bonds - Paid by Current Fund</u>	<u>2014</u>	<u>2013</u>
\$14,140,000 Refunding Bonds - with an interest rate from 2.00% to 4.25% issued January 15, 2003 through January 15, 2016	\$216,000	\$309,000
\$8,875,000 Pension Refunding Bonds (Taxable) - with an interest rate of 3.28% to 5.92% issued January 15, 2003 through February 1, 2021	3,840,000	4,665,000
\$7,480,000 Refunding Bonds - with an interest rate from 4.5% to 5.00% issued February 1, 2007, due through February 1, 2016	1,470,000	2,970,000
\$8,875,000 Refunding Bonds (Taxable) - with an interest rate from 4.98% to 5.16% issued February 1, 2007, due through February 1, 2016	1,330,000	2,480,000
\$10,305,000 General Improvement Bonds - with an interest rate from 3.50% to 4.00% issued January 15, 2008, due through January 15, 2021	10,005,000	10,080,000
\$7,915,000 Refunding Bonds, Series 2011 - with an interest rate from 2.00% to 3.00% issued August 5, 2011, due through January 15, 2016	4,020,000	5,940,000
\$1,080,000 Fiscal Year Adjustment Refunding Bonds Series 2011 - with an interest rate from 2.00% to 3.00% issued August 5, 2011, due through January 15, 2016	<u>525,000</u>	<u>690,000</u>
	<u>\$21,406,000</u>	<u>\$27,134,000</u>

Green Acres Loan - Paid by Current Fund

The Town has six outstanding loan agreements with New Jersey Green Acres Bond Act of 1983 for the Harvey Field Project, the Riverbank Park Project, the Gunnel Oval Skateboard Park Project, the Bell Playground Project, the Waterfront Acquisition Project, and the Harvey Field Soccer Improvement Project.

	<u>2014</u>	<u>2013</u>
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	\$107,869	\$120,185
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	133,898	146,575
The 2008 Bell Playground Project award is at a rate of 2% in the amount of \$275,000 with semi-annual loan payments of various amounts made on January 9 and July 9 through July 9, 2027	203,531	217,114
The 2009 Gunnel Oval Skateboard Park Project award is an interest free loan in the amount of \$138,690 with semi-annual loan payments of \$3,556 made on May 26 and November 26 through November 26, 2028	99,573	106,685
The 2012 Waterfront Acquisition Project award is at a rate of 2% in the amount of \$191,500 with semi-annual loan payments of various amounts made on February 17 and August 17 through February 17, 2032	175,101	183,382
The 2012 Harvey Field Soccer Improvements Project award is at a rate of 2% in the amount of \$435,000 with semi-annual loan payments of various amounts made on January 9, August 28 and February 28 through August 28, 2032	<u>407,199</u>	<u>425,825</u>
	<u>\$1,127,171</u>	<u>\$1,199,766</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

Wastewater Treatment Loans - Paid by Current Fund

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

	<u>2014</u>	<u>2013</u>
\$1,575,000 Trust Bonds Series 1998A - Trust Share - with an interest rate of 4.0%-4.5% issued November 1, 1998, due through August 1, 2018	\$450,000	\$550,000
\$1,025,000 Trust Bonds Series 1998A - Fund Share - at a zero rate of interest issued November 1, 1998, due through August 1, 2018	645,000	695,000
\$1,255,000 Trust Bonds Series 2004A - Trust Share - with an interest rate of 3.0%-5.0% issued November 4, 2004, due through August 1, 2024	960,000	1,015,000
\$1,507,371 Trust Bonds Series 2004A - Fund Share - at a zero rate of interest issued November 4, 2004, due through August 1, 2024	324,530	405,217
\$3,047,070 Trust Bonds Series 2007A - Trust Share - with an interest rate of 3.4%-5.0% issued November 8, 2007, due through August 1, 2027	1,559,005	1,714,591
\$3,623,250 Trust Bonds Series 2007A - Fund Share - at a zero rate of interest issued November 8, 2007, due through August 1, 2027	<u>2,412,434</u>	<u>2,601,521</u>
	<u>\$6,350,969</u>	<u>\$6,981,329</u>

Water Utility Bonds - Paid by Water Utility Fund

Water and Sewer Utility Serial Bonds

The Town pledges revenue from operations to pay debt service on bonds issued. Water utility bonds outstanding at December 31, 2014 are as follows:

	<u>2014</u>	<u>2013</u>
\$735,000 Water Utility Bonds - with an interest rate of 5.10% issued November 15, 1997, due through August 1, 2016	\$85,000	\$125,000
\$1,463,000 Water Utility Bonds (Taxable) - with an interest rate of 5.00% to 5.50% issued January 15, 2003, due through January 15, 2016	303,000	453,000
\$5,925,000 Water Utility Bonds - with an interest rate of 3.50% to 5.25% issued January 15, 2008, due through January 15, 2027	5,395,000	5,520,000
\$105,000 Water Utility Refunding Bonds - with an interest rate from 2.00% to 3.00% issued August 5, 2011, due through January 15, 2016	<u>50,000</u>	<u>75,000</u>
	<u>\$5,833,000</u>	<u>\$6,173,000</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

Water and Sewer Utility Serial Bonds

The Town has outstanding two loan agreement with the New Jersey Environmental Infrastructure Trust for financing relating to improvement to Central Ave Water Improvements.

	2014	2013
\$365,000 Trust Bonds Series 2010A - Trust Share - with an interest rate of 4.00% to 5.00% issued March 10, 2010, due through August 1, 2029	\$305,000	\$320,000
\$1,110,375 Trust Bonds Series 2010A - Fund Share - at a zero rate of interest issued March 10, 2010, due through August 1, 2029	424,801	481,261
\$227,554 Trust Bonds Series 2012A - Trust Share - with an interest rate of 0.22% to 3.14% issued May 16, 2012, due through August 1, 2031	206,039	216,808
\$652,878 Trust Bonds Series 2012A - Fund Share - at a zero rate of interest issued May 16, 2012, due through August 1, 2031	<u>584,155</u>	<u>618,517</u>
	<u>\$1,519,995</u>	<u>\$1,636,586</u>

The Town's principal and interest for bonds and loans issued and outstanding as of December 31, 2014 is as follows:

<u>Serial/Refunding Bonds</u>					
<u>Dec.31.</u>	<u>General Capital Debt</u>		<u>Water Utility Capital Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2015	\$6,000,000	\$765,778	\$350,000	\$237,648	\$7,353,426
2016	4,846,000	553,827	373,000	219,573	5,992,400
2017	2,375,000	414,884	350,000	201,525	3,341,409
2018	1,965,000	310,486	400,000	184,900	2,860,386
2019	2,060,000	215,880	425,000	165,900	2,866,780
2020-2024	4,160,000	171,420	2,425,000	549,500	7,305,920
2025-2027			<u>1,510,000</u>	<u>91,000</u>	<u>1,601,000</u>
	<u>\$21,406,000</u>	<u>\$2,432,275</u>	<u>\$5,833,000</u>	<u>\$1,650,046</u>	<u>\$31,321,321</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

New Jersey Environmental Infrastructure Trust Loans					
<u>Dec.31,</u>	<u>General Capital Fund</u>		<u>Water Utility Capital Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2015	\$642,663	\$94,375	\$116,629	\$16,805	\$870,472
2016	652,883	84,700	116,681	16,003	870,267
2017	648,130	74,550	116,744	15,190	854,614
2018	671,025	63,625	116,828	14,356	865,834
2019	458,148	51,975	121,937	13,497	645,557
2020-2024	2,457,732	164,837	472,459	52,715	3,147,743
2025-2029	820,388	24,038	361,462	24,782	1,230,670
2030-2031			97,256	1,342	98,598
	<u>\$6,350,969</u>	<u>\$558,100</u>	<u>\$1,519,996</u>	<u>\$154,690</u>	<u>\$8,583,755</u>

Green Acres Trust Loan			
<u>Dec.31,</u>	<u>General Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$73,912	\$20,220	\$94,132
2016	75,255	18,877	94,132
2017	76,625	17,507	94,132
2018	78,022	16,110	94,132
2019	79,444	14,685	94,129
2020-2024	382,105	51,464	433,569
2025-2029	254,528	22,285	276,813
2030-2032	107,280	3,639	110,919
	<u>\$1,127,171</u>	<u>\$164,787</u>	<u>\$1,291,958</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(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 December 31, 2014 and 2013, the Town had \$13,452,377 and \$14,024,377, respectfully, in outstanding General Capital bond anticipation notes. The Town also had \$6,658,338 and \$6,671,038, respectfully, in outstanding Water Utility Capital bond anticipation notes.

The following activity related to bond anticipation notes occurred during the periods ended December 31, 2014 and 2013:

<u>2014</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes Payable:				
Roosevelt & Cross, Inc.	\$	\$1,777,477	\$	\$1,777,477
TD Securities, LLC.		11,674,900		11,674,900
Oppenheimer & Co., Inc.	2,227,477		2,227,477	
Jefferies LLC	<u>11,796,900</u>		<u>11,796,900</u>	
	<u>14,024,377</u>	<u>13,452,377</u>	<u>14,024,377</u>	<u>13,452,377</u>
Water Utility Capital Notes Payable:				
TD Securities, LLC		6,658,338		6,658,338
Jefferies LLC	<u>6,671,038</u>		<u>6,671,038</u>	
	<u>6,671,038</u>	<u>6,658,338</u>	<u>6,671,038</u>	<u>6,658,338</u>
	<u>\$20,695,415</u>	<u>\$20,110,715</u>	<u>\$20,695,415</u>	<u>\$20,110,715</u>
<u>2013</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes Payable:				
Oppenheimer & Co., Inc.	\$	\$2,227,477	\$	\$2,227,477
TD Securities, LLC	5,325,000		5,325,000	
Jefferies LLC	<u>4,225,000</u>	<u>11,796,900</u>	<u>4,225,000</u>	<u>11,796,900</u>
	<u>9,550,000</u>	<u>14,024,377</u>	<u>9,550,000</u>	<u>14,024,377</u>
Water Utility Capital Notes Payable:				
TD Securities, LLC	5,300,000		5,300,000	
Jefferies LLC	<u>1,500,000</u>	<u>6,671,038</u>	<u>1,500,000</u>	<u>6,671,038</u>
	<u>6,800,000</u>	<u>6,671,038</u>	<u>6,800,000</u>	<u>6,671,038</u>
	<u>\$16,350,000</u>	<u>\$20,695,415</u>	<u>\$16,350,000</u>	<u>\$20,695,415</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 5. 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 Firemen's 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 Firemen's 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 certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. 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 1/55th 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. 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.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 5. PENSION PLANS, (continued)

Description of Systems, (continued)

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

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Police and Firemens' Retirement System (PFRS)

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

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 5. PENSION PLANS, (continued)

Description of Systems, (continued)

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

year of service prior to retirement. 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.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

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.

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 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. 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 December 31, 2014 and 2013
(continued)

NOTE 5. PENSION PLANS, (continued)

Contribution Requirements, (continued)

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2014	\$765,394	\$5,181,174
2013	824,940	5,631,595
2012	906,325	5,084,365

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 5. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

The Town's contribution to the DCRP for each year was:

<u>Year</u>	
December 31, 2014	\$10,347
December 31, 2013	3,869
December 31, 2012	-0-

NOTE 6. 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 December 31, 2014 and 2013 was \$5,865,981 and \$6,049,326, respectively.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 7. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of December 31, 2014:

	<u>Balance</u> <u>Dec.31, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec.31, 2014</u>
Land	\$55,925,900	\$	\$	\$55,925,900
Building	7,906,400			7,906,400
Machinery and Equipment	<u>11,852,968</u>	<u>471,662</u>	<u>0</u>	<u>12,324,630</u>
	<u>\$75,685,268</u>	<u>\$471,662</u>	<u>\$0</u>	<u>\$76,156,930</u>

NOTE 8. DUE TO/FROM OTHER FUNDS

Balances due from/to other funds at December 31, 2014 consist of the following:

\$1,111	Due to the Current Fund from the Escrow Trust Fund for interest earnings.
<u>1,211</u>	Due to the UDAG Trust Fund from the CDBG Trust Fund for reimbursement of expenses paid.
<u>\$2,322</u>	

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

NOTE 9. 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:

	<u>Balance</u> <u>Dec.31, 2014</u>	<u>Balance</u> <u>Dec.31, 2013</u>
Prepaid Taxes	<u>\$533,904</u>	<u>\$414,464</u>
Cash Liability for Taxes Collected in Advance	<u>\$533,904</u>	<u>\$414,464</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 10. 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.

There are currently 14 tax appeal litigations pending at December 31, 2014. The Borough's tax appeal attorney is rigorously defending the Borough's interest in those appeals which are currently estimated to be \$825,000. Any successful appeals would be raised through future taxation.

NOTE 11. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2014 and 2013 which has been appropriated as revenue in the 2015 and 2014 budgets is as follows:

	<u>2015</u>	<u>2014</u>
Current Fund	<u>\$1,200,000</u>	<u>\$2,400,000</u>

NOTE 12. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 2, the Town provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

Plan Description

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 12. OTHER POST EMPLOYMENT BENEFITS, (continued)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursements to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-july2013.pdf>.

Plan Coverage

Any employee who retires after twenty-five (25) years or more of services within the Town shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Town. This does not include dental benefits.

Funding Policy

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Town of Kearny on a monthly basis. The rates charges by the system for the years ended December 31, 2014 and 2013 were as follows:

The Town of Kearny contributions to SHBP for post-retirement benefits for the years ended December 31, 2014 and 2013 were \$4,603,723 and \$4,496,818, respectively, which equaled the required contribution for each period.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 13. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown on the balance sheet of the various funds.

	<u>Balance</u> <u>Dec.31, 2014</u>	<u>2015</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Year</u>
Current Fund:			
Special Emergency - N.J.S.A. 40A:4-55	<u>\$1,598,000</u>	<u>\$431,600</u>	<u>\$1,166,400</u>
Total Current Fund	<u>\$1,598,000</u>	<u>\$431,600</u>	<u>\$1,166,400</u>
Water Utility Fund:			
Deficit in Operations	72,570	72,570	-0-
Special Emergency - N.J.S.A. 40A:4-55	<u>42,000</u>	<u>8,400</u>	<u>33,600</u>
Total Water Utility Fund	<u>\$114,570</u>	<u>\$80,970</u>	<u>\$33,600</u>

NOTE 14. SUBSEQUENT EVENTS

The Town has evaluated subsequent events through July 29, 2015, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA AND SCHEDULES

TOWN OF KEARNY

Supplementary Data

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>
Alberto Santos	Mayor	
Alexa Arce	Councilmember	
Albino Cardoso	Councilmember	
Carol Jean Doyle	Councilmember	
Eileen Eckel	Councilmember	
Richard Konopka	Councilmember	
Michael Landy	Councilmember	
Susan McCurrie	Councilmember	
Laura Cifelli-Pettigrew	Councilmember	
Michael Martello	Business Administrator	(A)
Patricia Carpenter	Town Clerk	(A)
Shuaib Firozvi	Chief Financial Officer/Tax Collector	(A)
Gregory Castano	Town Attorney	(A)
Thomas D. McKeon	Magistrate	(A)
Melissa Murray	Court Administrator	(A)
Theresa McGuire	Prosecutor	(A)
Michael Neglia	Engineer	(A)

(A) - Statutory positions are covered under the Middlesex County Municipal Joint Insurance Fund (\$50,000) and Municipal Excess Liability Joint Insurance Fund (Excess Crime Policy - Public Employee Bond - \$950,000)

TOWN OF KEARNY

Supplementary data

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax rate	<u>10.036</u>	<u>9.791</u>	<u>9.618</u>
Apportionment of tax rate:			
Municipal	3.872	3.733	3.603
County	1.692	1.664	1.691
School	<u>4.472</u>	<u>4.394</u>	<u>4.324</u>

Assessed Value

2014	\$ 1,053,625,518
2013	1,057,904,400
2012	1,020,167,036

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Currently</u> Percentage of Collection
2014	\$ 106,067,809	104,087,146	98.13%
2013	104,325,094	102,467,678	98.22%
2012	102,174,779	100,232,936	98.10%

Delinquent Taxes and Tax Title Liens

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

<u>Dec. 31</u>	<u>Amount of delinquent taxes</u>	<u>Tax title liens</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2014	\$ 1,526,703	6,730,416	8,257,119	7.78%
2013	1,534,020	6,182,163	7,716,183	7.40%
2012	2,120,827	5,880,630	8,001,457	7.83%

TOWN OF KEARNY

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2014 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by litigation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 2,943,200
2013	2,943,200
2012	2,943,200

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	Dec. 31, 2014	\$ 1,948,723	1,200,000
	Dec. 31, 2013	2,415,237	2,400,000
	Dec. 31, 2012	4,837,825	4,800,000
	Dec. 31, 2011	6,518,570	5,000,000
	Dec. 31, 2010	6,964,313	5,000,000
Water Utility Operating Fund	Dec. 31, 2014		
	Dec. 31, 2013		
	Dec. 31, 2012		
	Dec. 31, 2011		
	Dec. 31, 2010	142,531	142,531

TOWN OF KEARNY, N.J.

Cash Receipts and Disbursements -Treasurer

Current Fund

Year Ended December 31, 2014

	Current Fund	Federal and State Grant Fund
Balance, December 31, 2013	\$ 7,870,520	3,517,393
Increased by Receipts:		
Tax Collector	104,851,454	
Miscellaneous Revenue Not Anticipated	370,989	
Due From State of New Jersey	139,000	
Petty Cash	1,700	
Tax Title Lien Redemptions	28,795	
Revenue Accounts Receivable	12,402,927	
Tax Overpayments	187,219	
Prepaid Taxes	533,904	
Due to State - DCA Fees	49,182	
State Aid Receivable	18,310,422	
Special Emergency Notes	1,598,000	
Tax Anticipation Notes	10,000,000	
State and Federal Grants Receivable		1,498,157
Unappropriated Grant Reserves		54,617
Reserve for Urban Enterprise Zone		210,925
	<u>148,473,591</u>	<u>1,763,699</u>
	156,344,111	5,281,092
Decreased by:		
Current Year Budget Appropriations	71,579,441	
Petty Cash	1,700	
Appropriation Reserves	968,394	
Reserve for Maintenance of Free Public		
Library with State Aid	5,687	
Due to Library	144,865	
Due to State - DCA Fees	49,182	
Interfunds	1,736	
Tax Overpayments	513,912	
County Taxes Payable	17,874,221	
Local District School Taxes	47,113,186	
Special Emergency Notes	1,480,000	
Tax Anticipation Note	10,000,000	
Encumbrances Payable		426,657
Reserve for Urban Enterprise Zone		831,173
Appropriated Reserves for Grants		1,049,859
	<u>149,732,324</u>	<u>2,307,689</u>
Balance, December 31, 2014	\$ <u>6,611,787</u>	<u>2,973,403</u>

Exhibit A-5**TOWN OF KEARNY, N.J.****Schedule of Cash - Change Fund****Current Fund****Year Ended December 31, 2014**

Balance, December 31, 2013	\$ <u>800</u>
Balance, December 31, 2014	\$ <u><u>800</u></u>

Exhibit A-6**Schedule of Cash - Petty Cash****Current Fund****Year Ended December 31, 2014**

	<u>Funds Established</u>	<u>Funds Returned</u>
Health Department	\$ 300	300
Fire Department	300	300
Police Department	600	600
Purchasing Department	200	200
Library	100	100
Department of Public Works	<u>200</u>	<u>200</u>
	\$ <u><u>1,700</u></u>	<u><u>1,700</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 December 31, 2014

Balance, December 31, 2013		\$	6,196
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	33,250	
Veterans' Deductions Per Tax Billing		<u>116,500</u>	
			<u>149,750</u>
			155,946
Decreased by:			
State Share of Senior Citizens and Veteran			
Deductions Received in Cash			<u>139,000</u>
Balance, December 31, 2014		\$	<u><u>16,946</u></u>

TOWN OF KEARNY, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2014

Year	Balance, Dec. 31, 2013	Levy	2013	Collected	2014	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2014
2012	9,730				9,730				
2013	1,524,290				1,410,378		110,337	2,941	634
	1,534,020				1,420,108		110,337	2,941	634
2014		106,067,809	414,464		103,522,932	149,750	430,966	23,628	1,526,069
			414,464		104,943,040	149,750	541,303	26,569	1,526,703
	\$ 1,534,020	106,067,809							

Overpayments Applied 91,586
Cash Receipts 104,851,454
\$ 104,943,040

Analysis of Tax Levy

Tax yield:
General Purpose Tax \$ 105,741,857
Added/Omitted Taxes 325,952

\$ 106,067,809

Tax Levy:
Local District School Tax \$ 47,113,186
County Tax \$ 17,819,263
County Added and Omitted Taxes 54,958

17,874,221

64,987,407

Local Tax for Municipal Purposes 40,803,617
Additional Taxes 276,785

41,080,402

\$ 106,067,809

Exhibit A-9

TOWN OF KEARNY, N.J.

Schedule of Tax Title Liens Receivable

Current Fund

Year Ended December 31, 2014

Balance, December 31, 2013		\$	6,182,163
Increased by:			
Interest and Costs of Tax Sale	\$	9,349	
6% Year End Penalty Assessed		26,396	
Transfers from 2013 Taxes Receivable		110,337	
Transfers from 2014 Taxes Receivable		<u>430,966</u>	
			<u>577,048</u>
			6,759,211
Decreased by:			
Redemptions			<u>28,795</u>
Balance, December 31, 2014		\$	<u><u>6,730,416</u></u>

Exhibit A-10

Schedule of Property Acquired for Taxes

Current Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$	<u>2,943,200</u>
Balance, December 31, 2014	\$	<u><u>2,943,200</u></u>

TOWN OF KEARNY, N.J.
Schedule of Revenue Accounts Receivable

Current Fund
Year Ended December 31, 2014

<u>Source</u>	<u>Balance Dec. 31, 2013</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2014</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	49,374	49,374	
Other		89,107	89,107	
Fees and Permits		223,663	223,663	
Construction Code Official:				
Fees and Permits		634,112	634,112	
Municipal Court:				
Fines and Costs	70,314	958,944	946,094	83,164
Interest and Costs on Taxes		282,771	282,771	
Parking Meters		220,235	220,235	
Interest on Investments and Deposits		86,801	86,801	
New Jersey Meadowlands Commission - Tax Sharing		3,779,980	3,779,980	
Hartz Mountain Lease Agreement		122,736	122,736	
Transitional Aid		2,500,000	2,500,000	
Energy Receipts Tax		18,465,489	18,465,489	
Utility Operating Sureplus of Prior Year		108,901	108,901	
Uniform Fire Safety Act		860,000	860,000	
Kearny Municipal Utilities Authority Sludge Removal		417,605	417,605	
Franchise Feds - Comcast & Verizon		31,117	31,117	
Recycling Revenue		116,670	116,670	
Police Private Duty Administrative Fees		33,173	33,173	
PVSC User Fees		28,451	28,451	
Clean Earth		62,000	62,000	
Reserve for Payment of Debt		1,224,149	1,224,149	
New Jersey Meadowlands Lease Agreements		68,676	68,676	
PILOT Payments		82,552	82,552	
Federal and State Reimbursement - Emergency		435,000	435,000	
	<u>\$ 70,314</u>	<u>30,881,506</u>	<u>30,868,656</u>	<u>83,164</u>
			Cash \$ 12,402,927	
			Interest on Investments 240	
			Accounts Receivable:	
			State Aid 18,465,489	
			<u>30,868,656</u>	

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, 2013	2014 Budget Revenue Realized	Collections	Canceled	Balance, Dec. 31, 2014
FY 2010 Grants:					
KUEZ - Marketing and Zone Promotion	\$ 15,613		15,613		
KUEZ - Business Development Revolving Loan	296,265		5,271		290,994
2009 Hudson County Open Space:					
LEED Impr. at Veteran's Field	67,804		10,800		57,004
All Season Multipurpose Veteran's Field	150,000				150,000
2010 Grants:					
KUEZ - Marketing and Promotion II Add'l Funds	21,723		18,678		3,045
2009 COPS Technology Program Grant	200,000		200,000		
2011 Grants:					
2011 Office on Aging Grant					
Surface at Veteran's Field	100,000				100,000
2010 Hudson County Open Space - Magullian					
Property Riverbank Park Development	20,732		14,175		6,557
2012 Grants:					
KUEZ Business Development Revolving Loan Phase V	250,000		60,116		189,884
FY'10 Port Security Grant (Fire Boat)	37,037	112,257	74,570		74,724
Hazardous Discharge Site Remediation Fund	6,155				6,155
2012 Justice Assistance Grant	10,191				10,191
2013 Grants:					
UEZ Administration - FY2014	78,679		28,250	50,429	
UEZ Marketing & Zone Promotion Program IV	73,750		73,602		148
UEZ Sidewalk Sweeper	40,000		40,000		
UEZ Marketing & Zone Promotion Program IV	40,000		39,930		70
UEZ Marketing & Zone Promotion Program V	110,000		48,822		61,178
UEZ Clean Project Year 5	144,000		112,256	31,744	
UEZ Public Safety Year 5 Project	212,137		208,960	3,177	
2013 Municipal Alliance	47,940		47,940		
FY11 Port Security Grant	205,398	200	5,660		199,938
Hudson County Open Space - Kearny Library Garden	84,308		84,308		
2013 NJ Community Forestry Grant	3,000				3,000
FY12 Port Security Grant	21,800		20,943		857
2013 Office on Aging Grant	11,147		7,771	3,376	
FY2014 Pedestrian Safety, Education and Enforcement	12,000		4,700		7,300
Riverbank Park Bike Trail - DOT	122,790		78,380		44,410
FY2013 Federal Bulletproof Vest Partnership Program	8,892		2,176		6,716
2013 Drive Sober or Get Pulled Over (Holiday)	4,400		2,750	1,650	
2014 Grants:					
KUEZ Administrative Budget FY' 2015 and FY' 2016		150,000	26,588		123,412
KUEZ Parking Lot - 101 Kearny Avenue		215,781	163,971		51,810
2014 Municipal Alliance		35,148			35,148
Office on Aging 2014 Grant		51,100	39,437		11,663
Drive Sober or Get Pulled Over Super Bowl Crackdown		4,000	2,950	1,050	
Clean Communities FY 2014 Grant		47,589	47,589		

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	2014 Budget Revenue <u>Realized</u>	<u>Collections</u>	<u>Canceled</u>	Balance, Dec. 31, <u>2014</u>
Hazardous Discharge Site Remediation Fund		45,948			45,948
Hazard Mitigation Grant Program - Energy Allocation		250,000			250,000
De-Snagging and Shoal Dredging Grant		88,032			88,032
Hazard Mitigation Grant Program - Local Designated Shelter		132,853			132,853
Riverbank Park Dog Run 2014 Grant		175,000			175,000
Bulletproof Vest Partnership FY 2014 Grant		15,341			15,341
Drive Sober or Get Pulled Over Labor Day Crackdown		5,000	3,100	1,900	
2014 Body Armor Replacement Fund		8,851	8,851		
Hazardous Discharge Site Remediation Fund		84,451			84,451
	<u>\$ 2,395,761</u>	<u>1,421,551</u>	<u>1,498,157</u>	<u>93,326</u>	<u>2,225,829</u>

TOWN OF KEARNY, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, <u>2013</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages:				
Administration	234	234		234
Mayor and Council	458	458		458
Town Clerk	161	161		161
Elections	633	633		633
Municipal Court	150	150		150
Treasurer	336	336		336
Assessment of Taxes	219	219		219
Collection of Taxes	262	262		262
Police	2,722	2,722		2,722
Fire	269	269		269
Fire Prevention	184	184		184
Board of Health	342	342		342
Department of Public Works	246	246		246
Shade Tree	88	88		88
Public Building and Grounds	54	54		54
Vehicle Maintenance	361	361		361
Parks and Recreation	21	21		21
Senior Citizen Center	113	113		113
Construction Code Enforcement	329	329		329
Planning Board	201	201		201
Management Information	656	656		656
Other Expenses:				
Administrative	1,111	3,837	2,271	1,566
Mayor and Council	440	1,290	1,135	155
Town Clerk	112	1,547	1,435	112
Elections	586	586		586
Legal	9,570	16,753	15,424	1,329
Prosecutor	3,250	3,750	500	3,250
Engineering	140	29,731	28,035	1,696
Public and Industrial Development		418		418
Life Insurance for Employees	36	5,515	5,053	462
Employee Hospitalization	349	99,109	98,050	1,059
Other Insurance	188	188		188
Dedicated Insurance Fund	25,665	25,665		25,665
Municipal Court	150	3,048	1,804	1,244
Public Defender	1,188	1,188		1,188
Treasurer	17	64	47	17
Assessment of Taxes	447	5,146	4,786	360
Collection of Taxes	4	2,533	2,424	109
Police	5,885	60,964	54,857	6,107
Fire	9	48,741	46,299	2,442
Board of Health	996	5,891	4,704	1,187
Board of Health- Intercounty Council on Drugs	6,000	6,000		6,000
Board of Health-Contractual Agreement	329	329		329
Meals on Wheels	284	284		284
Department of Public Works	4,777	83,941	73,939	10,002
Pump Maintenance - North Arlington	9,469	9,469	1,861	7,608
Shade Tree	3,191	57,717	53,496	4,221
Public Buildings and Grounds	243	39,893	33,187	6,706
Vehicle Maintenance	11,975	34,945	26,890	8,055
Parks and Recreation	276	4,768	4,543	225

TOWN OF KEARNY, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2014

	Balance, Dec. 31, 2013	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Parks and Playgrounds	469	14,238	13,769	469
Celebration of Public Events	465	1,666		1,666
Senior Citizen Center	303	303		303
Construction Code Enforcement	2,049	6,449	5,679	770
Zoning Commission	5,076	9,493	7,724	1,769
Planning Board	540	31,700	31,637	63
Parking Lot Lease Payment	644	644		644
Annual League Convention	418			
Management Information	52	8,345	8,345	
Electricity and Gas	1,795	87,042	57,124	29,918
Street Lighting	1,128	62,628	62,330	298
Communications	3,783	12,063	3,280	8,783
Gasoline	2,335	34,740	33,895	845
Postage	405	441	428	13
Garbage and Trash Removal - Bailer Fees		112,500	112,500	
HMDC Dump Tickets Baler Fees		141,024	140,625	399
Garbage and Trash Disposal	9,397			
Contingent	2,000	2,000		2,000
Public Employees' Retirement System	54,259	54,259	(1,255)	55,514
Social Security System (O.A.S.I.)	426	426		426
Consolidated Police and Firemans Retirement System	186	186		186
Unemployment Insurance	1,721	5,744	4,632	1,112
Defined Contribution Retirement Program	1,131	1,131		1,131
Passaic Valley Sewer Commission Share of Costs		44		44
Maintenance of Public Library (Ch. 82 & 541, P.L. 1985) Contribution	51,294	87,465	87,465	
TOTAL	\$ 234,602	1,235,880	1,028,918	206,962
	Encumbrances	\$ 1,001,278		
	Appropriation Reserves	234,602		
		\$ 1,235,880		
	Cash Disbursements		968,394	
	Transferred to Due to Library		60,524	
			\$ 1,028,918	

TOWN OF KEARNY, N.J.

Schedule of Reserve for Library Expenditures - State Aid

Current Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ 73,752
Decreased by:	
Library Aid Expenditures	<u>5,687</u>
Balance, December 31, 2014	<u><u>\$ 68,065</u></u>

Exhibit A-15

TOWN OF KEARNY, N.J.

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2014

Balance, December 31, 2013		\$	159,384
Increased by:			
Collections	\$	187,219	
Prior year State Tax Court Judgments			
Charges to Operations		<u>342,582</u>	
			<u>529,801</u>
			689,185
Decreased by:			
Refunds		513,912	
Applied		<u>91,586</u>	
			<u>605,498</u>
Balance, December 31, 2014		\$	<u><u>83,687</u></u>

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Current Fund

Year Ended December 31, 2014

<u>Fund</u>	Balance Dec. 31, <u>2013</u>	<u>Increases</u>	Balance Dec. 31, <u>2014</u>
Trust Funds:			
Escrow Trust	\$ 959	152	1,111
TTL Redemption Trust	<u>(1,736)</u>	<u>1,736</u>	<u> </u>
	\$ <u>(777)</u>	<u>1,888</u>	<u>1,111</u>

Analysis of Changes

Interest	\$ 152
Cash Disbursements	<u>1,736</u>
	\$ <u>1,888</u>

Exhibit A-17

TOWN OF KEARNY, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2014

Increased by:

Levy	\$ 17,655,623
Open Space Preservation	163,640
Added Assessments	<u>54,958</u>

\$ 17,874,221

Decreased by:

Payments	\$ <u><u>17,874,221</u></u>
----------	-----------------------------

Exhibit A-18

Schedule of Local District School Taxes Payable

Current Fund

Year Ended December 31, 2014

Increased by:

Levy	\$ <u>47,113,186</u>
------	----------------------

Decreased by:

Payments	\$ <u><u>47,113,186</u></u>
----------	-----------------------------

Exhibit A-19

TOWN OF KEARNY, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ 414,464
Increased by:	
Collections	<u>533,904</u>
	948,368
Decreased by:	
Applied to 2014 Taxes Receivable	<u>414,464</u>
Balance, December 31, 2014	\$ <u><u>533,904</u></u>

TOWN OF KEARNY, N.J.

Schedule of Due to State - DCA Fees

Current Fund

Year Ended December 31, 2014

Increased by:
Collections

\$ 49,182

Decreased by:
Disbursements

\$ 49,182

Exhibit A-21

TOWN OF KEARNY, N.J.

Schedule of Reserve for Due to Library

Current Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ 295,300
Increased By:	
Transferred from Appropriation Reserves	<u>60,524</u>
	355,824
Decreased By:	
Cash Disbursements	<u>144,865</u>
Balance, December 31, 2014	<u><u>\$ 210,959</u></u>

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Year Ended December 31, 2014

<u>Grant</u>	Balance, Dec. 31, 2013	2014 Grants Budgeted	Expenditures	Canceled	Balance, Dec. 31, 2014
KUEZ - Business Development Revolving Loan	243,637		50,561		193,076
FY 2009 Drunk Driving Enforcement Fund	3,115		1,930		1,185
2009 Hudson County Open Space:					
LEED Impr. at Veteran's Field	31,680		(25,324)		57,004
All Season Multipurpose Veteran's Field	150,000				150,000
KUEZ - Marketing and Zone Promotion II Add'l Funds	41		(8)		49
2009 Jersey Fresh Grant	1,482				1,482
2009 COPS Technology Program Grant	200,000		200,000		
2010 NJ Transit Reforestation Plan	68,400				68,400
2010 Hudson County Open Space - All Season					
Surface at Veteran's Field	100,000				100,000
2009 Recycling Tonnage Grant	10,950				10,950
KUEZ Business Development Revolving Loan Phase V	250,000		250,000		
KUEZ Clean Project Year 4					
FY'10 Port Security Grant (Fire Boat)	37,037	112,257	145,568		3,726
2012 Clean Communities Grant	284				284
FY'11 Emergency Management Assistance	9,587		2,290		7,297
2012 Justice Assistance Grant	8,790		1,692		7,098
2010 Recycling Tonnage Grant	14,067				14,067
UEZ Administration - FY2014	65,061		14,632	50,429	
UEZ Marketing & Zone Promotion Program IV	16,631		16,483		148
UEZ Marketing & Zone Promotion Program IV	22,606		22,606		
UEZ Marketing & Zone Promotion Program V	110,000		74,272		35,728
UEZ Clean Project Year 5	144,000		112,256	31,744	
UEZ Public Safety Year 5 Project	212,137		208,960	3,177	
2013 Municipal Alliance	23,333		23,333		
FY11 Port Security Grant	204,113	200	204,194		119
2013 NJ Community Forestry Grant	3,000				3,000
2013 Clean Communities Grant	51,137		15,665		35,472
FY12 Port Security Grant	18,020		17,163		857
2013 Office on Aging Grant	11,147		7,771	3,376	
2012 Alcohol Education and Rehabilitation	158				158
FY2014 Pedestrian Safety, Education and Enforcement	10,750		3,450		7,300
FY2013 Federal Bulletproof Vest Partnership Program	6,548		6,548		
FY12 Emergency Assistance Grant	10,000				10,000
2011 Recycling Tonnage Grant	59,181				59,181
2013 Drive Sober or Get Pulled Over (Holiday)	4,400		2,750	1,650	
2013 Body Armor Replacement Fund	11,688				11,688
KUEZ Administrative Budget FY' 2015 and FY' 2016		150,000	34,458		115,542
KUEZ Parking Lot - 101 Kearny Avenue		215,781	208,149		7,632
2014 Municipal Alliance		35,148	5,407		29,741
Office on Aging 2014 Grant		51,100	39,437		11,663
Drive Sober or Get Pulled Over Super Bowl Crackdown		4,000	2,950	1,050	
Clean Communities FY 2014 Grant		47,589			47,589
Hazardous Discharge Site Remediation Fund		45,948			45,948
Hazard Mitigation Grant Program - Energy Allocation		250,000			250,000
De-Snagging and Shoal Dredging Grant		88,032	12,500		75,532

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Year Ended December 31, 2014

<u>Grant</u>	Balance, Dec. 31, <u>2013</u>	2014 Grants <u>Budgeted</u>	<u>Expenditures</u>	<u>Canceled</u>	Balance, Dec. 31, <u>2014</u>
Hazard Mitigation Grant Program - Local Designated Shelter		132,853			132,853
Riverbank Park Dog Run 2014 Grant		175,000	18,960		156,040
Bulletproof Vest Partnership FY 2014 Grant		15,341	2,134		13,207
Drive Sober or Get Pulled Over Labor Day Crackdown		5,000	3,100	1,900	
2014 Body Armor Replacement Fund		8,851	8,851		
Hazardous Discharge Site Remediation Fund		84,451			84,451
	<u>\$ 2,112,980</u>	<u>1,421,551</u>	<u>1,692,738</u>	<u>93,326</u>	<u>1,748,467</u>

Budget Appropriations
Appropriations by 40a:4-87

1,421,551
\$ 1,421,551

Cash 1,049,859
Encumbrances 642,879
\$ 1,692,738

Exhibit A-23

TOWN OF KEARNY, N.J.

**Due from State of New Jersey -
State Aid**

Current Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ 6,718,237
Increased By:	
Revenue Accounts Receivable	<u>18,465,489</u>
	25,183,726
Decreased By:	
Cash Receipts	<u>18,310,422</u>
Balance, December 31, 2014	\$ <u><u>6,873,304</u></u>

Exhibit A-24

TOWN OF KEARNY, N.J.

Schedule of Reserve for Encumbrances

Federal and State Grant Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$	426,657
Increased By:		
Transferred from Budget Appropriations		<u>642,879</u>
		1,069,536
Decreased By:		
Cash Disbursements		<u>426,657</u>
Balance, December 31, 2014	\$	<u><u>642,879</u></u>

Exhibit A-25

Schedule of Reserve for Urban Enterprise Zone

Federal and State Grant Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$	3,373,517
Increased By:		
Cash Receipts	\$	190,083
Interest Earned on Investments		<u>20,842</u>
		<u>210,925</u>
		3,584,442
Decreased By:		
Cash Disbursements		<u>831,173</u>
Balance, December 31, 2014	\$	<u><u>2,753,269</u></u>

<u>Analysis of Balance</u>	
Revolving Loan Fund	1,757,401
Fundraiser Account	30,714
Second Generation	96,678
State Reimbursement	<u>868,476</u>
	\$ <u><u>2,753,269</u></u>

TOWN OF KEARNY, N.J.

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Year Ended December 31, 2014

<u>Purpose</u>	<u>Increases</u>	Balance, Dec. 31 <u>2014</u>
Recycling Tonnage Grant 2012	\$ <u>54,617</u>	<u>54,617</u>
	\$ <u><u>54,617</u></u>	<u><u>54,617</u></u>

TOWN OF KEARNY, N.J.

Schedule of Deferred Charges N.J.S.A. 40A:4-53, Special Emergency Authorizations

Current Fund

Year Ended December 31, 2014

<u>Purpose</u>	<u>Date</u>	<u>Amount Authorized</u>	<u>Not Less Than 1/5 of Amount Authorized</u>	<u>Balance, Dec. 31, 2013</u>	<u>Added in 2014</u>	<u>Decreased by: Budget Appropriation</u>	<u>Balance, Dec. 31, 2014</u>
Accumulated Sick/Terminal Pay	Sept. 25, 2012	1,100,000	220,000	\$ 880,000		220,000	660,000
Accumulated Sick/Terminal Pay	Dec. 10, 2013	600,000	120,000	600,000		120,000	480,000
Accumulated Sick/Terminal Pay	Nov. 12, 2014	458,000	91,600		458,000		458,000
				<u>\$ 1,480,000</u>	<u>458,000</u>	<u>340,000</u>	<u>1,598,000</u>

TOWN OF KEARNY, N.J.

Schedule of Special Emergency Notes Payable

Current Fund

Year Ended December 31, 2014

<u>Improvement description</u>	<u>Date of original issue</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance, Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2014</u>
Special Emergency - Terminal Leave 2012	Dec. 21, 2012	Dec. 19, 2014	Dec. 18, 2015	0.90%	\$ 880,000	660,000	880,000	660,000
Special Emergency - Terminal Leave 2013	Dec. 20, 2013	Dec. 19, 2014	Dec. 18, 2015	1.50%	600,000	480,000	600,000	480,000
Special Emergency - Terminal Leave 2014	Nov. 12, 2014	Dec. 19, 2014	Dec. 18, 2015	1.50%		458,000		458,000
					<u>\$ 1,480,000</u>	<u>1,598,000</u>	<u>1,480,000</u>	<u>1,598,000</u>
					Cash \$	458,000		
					Budget Appropriations		340,000	
					Renewed	1,140,000	1,140,000	
					\$	<u>1,598,000</u>	<u>1,480,000</u>	

TOWN OF KEARNY, N.J.

Schedule of Tax Anticipation Notes

Current Fund

Year Ended December 31, 2014

<u>Purpose</u>	<u>Date of original issue</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance, Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2014</u>
Tax Anticipation Notes	June 21, 2013	June 27, 2014	March 30, 2015	1.00% \$	10,000,000	10,000,000	10,000,000	10,000,000
					<u>\$ 10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>

TOWN OF KEARNY, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2014

	Animal Trust <u>Fund</u>	Other Trust <u>Fund</u>	Community Development Trust <u>Fund</u>	Urban Development Action Grant Trust Fund
Balance - December 31, 2013	\$ 21,027	3,353,127		986,638
Increased by Receipts:				
Animal License Fees Collected	26,984			
Amount Due to the State of New Jersey	3,110			
Budget Appropriation	75,000			
Community Development			973,606	
Interfunds		1,888		
Intrafunds			995,070	1,041,113
Other Trust Funds		4,615,402		
Total Receipts	105,094	4,617,290	1,968,676	1,041,113
	126,121	7,970,417	1,968,676	2,027,751
Decreased by Disbursements:				
Reserve for Animal Trust Expenditures	92,585			
Amount Due to the State of New Jersey	3,098			
Intrafunds			1,041,113	995,070
Other Trust Funds		3,597,135		
Community Development			927,563	
Total Disbursements	95,683	3,597,135	1,968,676	995,070
Balance - December 31, 2014	\$ 30,438	4,373,282		1,032,681

Exhibit B-2

TOWN OF KEARNY, N.J.

Schedule of Due to State of New Jersey

Animal Trust Fund

Year Ended December 31, 2014

	Dog License <u>Fees</u>
Balance - December 31, 2013	\$ 19
Increased by:	
Dog License Fees	<u>3,110</u>
	3,129
Decreased by:	
Payments	<u>3,098</u>
Balance - December 31, 2014	\$ <u><u>31</u></u>

TOWN OF KEARNY, N.J.

Schedule of Community Development Receivables

Other Trust Fund

Year Ended December 31, 2014

	Balance Dec. 31, <u>2013</u>	<u>Awards</u>	<u>Decreases</u>	Balance Dec. 31, <u>2014</u>
2011 -				
Kearny/Laurel Avenue Road Reconstruction	192,250		192,250	
2012 -				
Kearny/Laurel Avenue Road Reconstruction	400,000		289,719	110,281
2013 -				
Central Avenue Reconstruction	539,869		491,637	48,232
2014-				
Arlington/John Hay Avenue Reconstruction		<u>411,526</u>		<u>411,526</u>
	<u>\$ 1,132,119</u>	<u>411,526</u>	<u>973,606</u>	<u>570,039</u>

Exhibit B-4

TOWN OF KEARNY, N.J.

Schedule of Reserve for Animal Trust Fund Expenditures

Animal Trust Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$	21,008
Increased by:		
Budget Appropriation	\$	75,000
Dog License Fees		24,478
Cat License Fees		756
Late Fees		<u>1,750</u>
		<u>101,984</u>
		122,992
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>92,585</u>
Balance - December 31, 2014	\$	<u><u>30,407</u></u>

License fees collected

<u>Year</u>	<u>Amount</u>
2012	\$ 28,942
2013	<u>26,413</u>
	<u><u>\$ 55,355</u></u>

TOWN OF KEARNY, N.J.

Schedule of Reserves

Other Trust Fund

Year Ended December 31, 2014

	Balance Dec. 31, <u>2013</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2014</u>
Recreation	\$ 146,403	198,320	187,042	157,681
Swim Pool	76,861	11,479	15,195	73,145
Public Defender Fees	11,980	9,988		21,968
Dedicated Fire Penalties	28,219			28,219
Performance Deposits	273,412			273,412
Escrow Bonds	10,200			10,200
Developer's Contribution	46,875	15,625		62,500
DARE Program	3,316	3,052	1,912	4,456
Various Donations	41,874	9,475	15,753	35,596
Miscellaneous	2,405			2,405
Domestic Violence	1,500			1,500
Police Outside Duty	229,265	1,057,869	984,608	302,526
Escrow Deposits	503,938	267,737	125,866	645,809
Tax Title Lien Premiums	1,119,600	2,919,300	2,212,800	1,826,100
Recreation Umpire	2,210	34,693	36,492	411
Affordable Housing	604,359	8,731		613,090
POAA	116,787	15,663	3,545	128,905
Tax Collector Trust				
Law Enforcement Trust Fund	57,962	12,301		70,263
Public Library Trust				
Donations - Reserved Principal	9,684		75	9,609
Donations - Unreserved Interest	82	82		164
Donations - Unreserved	309			309
Bureau of Combustible	66,662	21,727	13,846	74,543
Unemployment		29,360		29,360
DEA Fund	<u>1</u>	<u></u>	<u>1</u>	<u></u>
\$	<u>3,353,904</u>	<u>4,615,402</u>	<u>3,597,135</u>	<u>4,372,171</u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Community Development Block Grants

Other Trust Fund

Year Ended December 31, 2014

	Balance Dec. 31, <u>2013</u>	<u>Awards</u>	<u>Decreases</u>	Balance Dec. 31, <u>2014</u>
2011 -				
Kearny/Laurel Avenue Road Reconstruction	192,250		118,036	74,214
2012 -				
Kearny/Laurel Avenue Road Reconstruction	371,849		336,993	34,856
2013 -				
Central Avenue Road Reconstruction	520,766		472,534	48,232
2014 -				
Arlington/John Hay Avenue Reconstruction	<u> </u>	<u>411,526</u>	<u> </u>	<u>411,526</u>
	<u>\$ 1,084,865</u>	<u>411,526</u>	<u>927,563</u>	<u>568,828</u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Urban Development Action Grant Trust Fund

Urban Development Action Grant Trust Fund

Year Ended December 31, 2014

Balance - December 31, 2013	\$ <u>1,033,892</u>
-----------------------------	---------------------

Balance - December 31, 2014	\$ <u><u>1,033,892</u></u>
-----------------------------	----------------------------

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Other Trust Fund

Year Ended December 31, 2014

<u>Fund</u>	Balance Dec. 31, 2013	<u>Increases</u>	Balance Dec. 31, 2014
Current Fund:			
Escrow Trust Fund	\$ (959)	152	(1,111)
TTL Redemption Trust	<u>1,736</u>	<u>1,736</u>	<u> </u>
	<u>\$ (13,709)</u>	<u>1,888</u>	<u>(1,111)</u>
Due from	\$ 1,736	1,736	
Due (to)	<u>(959)</u>	<u>152</u>	<u>(1,111)</u>
	<u>\$ (13,709)</u>	<u>1,888</u>	<u>(1,111)</u>

Analysis of Changes

Interest	\$ 152
Cash Receipts	<u>1,736</u>
	<u>\$ 1,888</u>

TOWN OF KEARNY, N.J.

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

Other Trust Fund

Year Ended December 31, 2014

<u>Fund</u>	Balance Dec. 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance Dec. 31, <u>2014</u>
Other Trust Fund:				
Escrow Trust Fund	\$ 118,514			118,514
Affordable Housing Trust Fund:				
Escrow Trust Fund	98,357			98,357
Community Development Trust Fund:				
Urban Development Action Grant Trust Fund	(47,254)	1,041,113	995,070	(1,211)
Urban Development Action Grant Trust Fund:				
Community Development Trust Fund	47,254	995,070	1,041,113	1,211
Escrow Trust Fund:				
Other Trust Fund	(118,514)			(118,514)
Affordable Housing Trust Fund	(98,357)			(98,357)
	<u>\$</u>	<u>2,036,183</u>	<u>2,036,183</u>	
Due from	\$ 264,125	995,070	1,041,113	218,082
Due (to)	<u>(264,125)</u>	<u>1,041,113</u>	<u>995,070</u>	<u>(218,082)</u>
	<u>\$</u>	<u>2,036,183</u>	<u>2,036,183</u>	

Exhibit C-2

TOWN OF KEARNY, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2014

Balance, December 31, 2013		\$ 3,689,960
Increased by Receipts:		
Grants	\$ 134,403	
Reserve for Payment of Debt	20,000	
Bond Anticipation Note - Premium	27,120	
Capital Improvement Fund	<u>200,063</u>	
		<u>381,586</u>
		4,071,545
Decreased by Disbursements:		
Reserve for Payment of Debt	20,000	
Fund Balance realized as Budget Revenue	62,000	
Improvement Authorizations	<u>3,416,722</u>	
		<u>3,498,722</u>
Balance, December 31, 2014		<u><u>\$ 572,823</u></u>

Exhibit C-3**TOWN OF KEARNY, N.J.****Analysis of Cash****General Capital Fund****Year Ended December 31, 2014**

Excess Note Proceeds	\$	20,310
Fund Balance		27,880
Department of Transportation Grants		(706,187)
N.J. Environmental Infrastructure Trust Loans Receivable		(858,918)

Improvement Authorizations:**Ordinance**

<u>Number</u>	<u>Improvement Description</u>	
2004-25	Improvements to Solids and Floatables Facility	1,083,135
2012-27	Various Road and Sewer Improvements	115,089
2012-48	Tax Appeal Refunding	15,106
2012-59	Tax Appeal Refunding	5,589
2013-20	Acquisition of Property	10,867
2013-21	Various Road & Sewer Improvements	977,175
2013-22	Various Capital Improvements	475,797
2014-33	Various Capital Improvements	(693,020)
2014-51	Water Utility Infrastructure Improvements	<u>100,000</u>
		\$ <u><u>572,823</u></u>

TOWN OF KEARNY, N.J.
Schedule of Grants Receivable
General Capital Fund
Year Ended December 31, 2014

<u>Ordinance Number</u>	<u>Description</u>	Balance, Dec. 31, <u>2013</u>	<u>Awarded</u>	<u>Reduced</u>	Balance, Dec. 31, <u>2014</u>
	<u>State of New Jersey, Department of Transportation:</u>				
2012-27	Various Road Improvements	\$ 291,100		134,403	156,697
2013-21	Various Road and Sewer Improvements	367,560			367,560
2014-33	Various Capital Improvements		<u>181,930</u>		<u>181,930</u>
		<u>\$ 658,660</u>	<u>181,930</u>	<u>134,403</u>	<u>706,187</u>

Exhibit C-5**TOWN OF KEARNY, N.J.****Schedule of Loans Receivable****General Capital Fund****Year Ended December 31, 2014**

<u>Ordinance Number</u>	<u>Description</u>	Balance, Dec. 31, <u>2013</u>	Balance, Dec. 31, <u>2014</u>
	Environmental Infrastructure Loans:		
2002-59	Riverbank Park	\$ 437,597	437,597
2004-25	Improvements to CSO Control Facilities	<u>421,321</u>	<u>421,321</u>
		<u>\$ 858,918</u>	<u>858,918</u>

TOWN OF KEARNY, N.J.

**Schedule of Deferred Charges to Future
Taxation - Funded**

General Capital Fund

Year Ended December 31, 2014

Balance, December 31, 2013		\$ 35,315,095
Decreased by:		
Current Year Budget Appropriations:		
Serial Bonds	\$ 5,728,000	
N.J. Wastewater Loans	630,360	
Green Acres Loans	<u>72,595</u>	
		<u>6,430,955</u>
Balance, December 31, 2014		\$ <u><u>28,884,140</u></u>

TOWN OF KEARNY, N.J.

Schedule of Deferred Charges to
Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2014

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	Authorizations	Decreased by	Balance Dec. 31, 2014	Analysis of Balance - December 31, 2014		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
1998-26/2004-25	General Improvements:							
2008-34	Improvements to Solids and Floatables Facility	\$ 1,777,477			1,777,477	1,777,477		
2008-35/2011-43	Various Road and Sewer Improvements	1,342,102			1,342,102	1,342,102		
	Various Capital Imps./Imps. To Parks, Playgrounds and Municipal Bldg.	803,172			803,172	811,708		
2008-36	Multi-Park Improvements	453,992			453,992	465,516		
2009-12	Various Capital Improvements	452,594			452,594	452,594		
2010-06	Various Improvements	949,954		72,000	877,954	878,000		
2011-13	Various Improvements	949,796		50,000	899,796	900,000		
2012-27	Various Road Improvements	1,425,000			1,425,000	1,425,000		
2012-47	Various Capital Improvements	1,900,000			1,900,000	1,900,000		
2012-48	Tax Appeal Refunding	375,000		375,000				
2012-59	Tax Appeal Refunding	75,000		75,000				
2013-20	Acquisition of Property	690,475			690,475	690,475		
2013-21	Various Road and Sewer Improvements	1,142,855			1,142,855	1,142,855		
2013-22	Various Capital Improvements	1,666,650			1,666,650	1,666,650		
2014-33	Various Capital Improvements		2,375,000		2,375,000		693,020	1,681,980
2014-51	Water Utility Infrastructure Improvements		1,900,000		1,900,000			1,900,000
		\$ 14,004,067	4,275,000	572,000	17,707,067	13,452,377	693,020	3,581,980
	Budget Appropriations			572,000				
	\$			572,000				

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2014

[illegible]

TOWN OF KEARNY, N.J.
Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2014

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2014</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds Series 2003A	Jan. 15, 2003	14,140,000	1/15/2015	40,000	4.125%	309,000	93,000	216,000
			1/15/2016	176,000	4.25%			
Refunding Bonds Series 2003B	Jan. 15, 2003	8,875,000	2/1/2015	935,000	5.20%	4,665,000	825,000	3,840,000
			2/1/2016	1,050,000	5.25%			
			2/1/2017	1,175,000	5.35%			
			2/1/2018	140,000	5.80%			
			2/1/2019	160,000	5.80%			
			2/1/2020	180,000	5.80%			
			2/1/2021	200,000	5.80%			
Refunding Bonds Series 2006A	Feb. 1, 2007	7,480,000	2/1/2015	1,170,000	5.00%	2,970,000	1,500,000	1,470,000
			2/1/2016	300,000	5.00%			
Refunding Bonds Series 2006B	Feb. 1, 2007	5,100,000	2/1/2015	1,100,000	5.11%	2,480,000	1,150,000	1,330,000
			2/1/2016	230,000	5.16%			

TOWN OF KEARNY, N.J.
Schedule of General Serial Bonds Payable
General Capital Fund

Year Ended December 31, 2014

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
			Date	Amount				
General Improvement Bonds	Jan. 1, 2008	10,305,000	1/15/2015	650,000	3.50%	10,080,000	75,000	10,005,000
			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%			
Refunding Bonds, Series 2011	Aug. 5, 2011	7,915,000	1/15/2015	2,005,000	3.00%	5,940,000	1,920,000	4,020,000
			1/15/2016	815,000	2.00%			
			1/15/2016	1,200,000	3.00%			
Fiscal Year Adjustment Refunding Bonds, Series 2011	Aug. 5, 2011	1,080,000	1/15/2015	100,000	3.00%	690,000	165,000	525,000
			1/15/2016	425,000	2.00%			
						\$ 27,134,000	5,728,000	21,406,000

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

General Capital Fund

Year Ended December 31, 2014

	Original Issue		Maturities of Loans Outstanding, December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>				
Trust Share	11/05/98	\$ 1,575,000	08/01/15	105,000	4.50%	\$ 550,000	100,000	450,000
			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	08/01/15	55,000	4.00%	695,000	50,000	645,000
			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	08/01/15	55,000	5.00%	1,015,000	55,000	960,000
			08/01/16	60,000	5.00%			
			08/01/17	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%			
			08/01/21	75,000	5.00%			
			08/01/22	75,000	5.00%			
			08/01/23	80,000	4.25%			
			08/01/24	85,000	4.50%			
			08/01/25	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 December 31, 2014

	Original Issue		Maturities of Loans Outstanding, December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>				
Fund Share	11/05/98	\$ 1,507,371	02/01/15	6,549	*	405,217	80,687	324,530
			08/01/15	74,463	*			
			02/01/16	5,021	*			
			08/01/16	76,168	*			
			02/01/17	3,420	*			
			08/01/17	77,801	*			
			02/01/18	1,746	*			
			08/01/18	79,362	*			
Fund Share	11/04/04	\$ 3,047,070	02/01/15	28,513	*	1,714,591	155,586	1,559,005
			08/01/15	132,758	*			
			02/01/16	26,428	*			
			08/01/16	130,674	*			
			02/01/17	24,344	*			
			08/01/17	128,589	*			
			02/01/18	21,737	*			
			08/01/18	135,459	*			
			02/01/19	18,894	*			
			08/01/19	132,616	*			
			02/01/20	16,051	*			
			08/01/20	139,250	*			
			02/01/21	12,971	*			
			08/01/21	145,647	*			
			02/01/22	9,655	*			
			08/01/22	142,330	*			
			02/01/23	6,338	*			
			08/01/23	148,490	*			
			02/01/24	3,317	*			
			08/01/24	154,946	*			

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

General Capital Fund

Year Ended December 31, 2014

	Original Issue		Maturities of Loans Outstanding, December 31, 2014		Interest Rate	Balance	Decreased	Balance
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>		Dec. 31, 2013		Dec. 31, 2014
Fund Share	11/08/07	3,623,250	02/01/15	41,215	*	2,601,521	189,087	2,412,434
			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	*			
						<u>\$ 6,981,329</u>	<u>630,360</u>	<u>6,350,969</u>

* Interest Free

TOWN OF KEARNY, N.J.

Schedule of Green Acres Trust Loans Payable

General Capital Fund

Year Ended December 31, 2014

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding, December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2014</u>
		<u>Date</u>	<u>Amount</u>				
Harvey Field	235,731	01/11/15	6,251	2.00%	\$ 120,185	12,316	107,869
		07/11/15	6,313				
		01/11/16	6,376				
		07/11/16	6,440				
		01/11/17	6,504				
		07/11/17	6,569				
		01/11/18	6,635				
		07/11/18	6,701				
		01/11/19	6,766				
		07/11/19	6,836				
		01/11/20	6,904				
		07/11/20	6,974				
		01/11/21	7,043				
		07/11/21	7,114				
		01/11/22	7,185				
		07/11/22	7,257				
Riverbank Park	250,000	02/28/15	6,434	2.00%	146,575	12,677	133,898
		08/28/15	6,498				
		02/28/16	6,563				
		08/28/16	6,629				
		02/28/17	6,695				
		08/28/17	6,762				
		02/28/18	6,830				
		08/28/18	6,898				
		02/28/19	6,967				
		08/28/19	7,037				
		02/28/20	7,107				
		08/28/20	7,178				
		02/28/21	7,250				
		08/28/21	7,322				
		02/28/22	7,396				
		08/28/22	7,469				
		02/28/23	7,544				
		08/28/23	7,620				
		02/28/24	7,698				

TOWN OF KEARNY, N.J.

Schedule of Green Acres Trust Loans Payable

General Capital Fund

Year Ended December 31, 2014

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding, December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Decreased</u>	<u>Balance</u>
		<u>Date</u>	<u>Amount</u>		<u>Dec. 31, 2013</u>		<u>Dec. 31, 2014</u>
Bell Playground	275,000	01/09/15	6,893	2.00%	217,114	13,583	203,531
		07/09/15	6,962				
		01/09/16	7,032				
		07/09/16	7,102				
		01/09/17	7,173				
		07/09/17	7,245				
		01/09/18	7,317				
		07/09/18	7,391				
		01/09/19	7,465				
		07/09/19	7,539				
		01/09/20	7,615				
		07/09/20	7,691				
		01/09/21	7,768				
		07/09/21	7,845				
		01/09/22	7,924				
		07/09/22	8,003				
		01/09/23	8,083				
		07/09/23	8,164				
		01/09/24	8,246				
		07/09/24	8,328				
		01/09/25	8,411				
		07/09/25	8,495				
		01/09/26	8,580				
		07/09/26	8,666				
		01/09/27	8,753				
		07/09/27	8,840				
Gunnel Oval Skateboard Park	138,690	05/26/15	3,556	0%	106,685	7,112	99,573
		11/26/15	3,556				
		05/26/16	3,556				
		11/26/16	3,556				
		05/26/17	3,556				
		11/26/17	3,556				
		05/26/18	3,556				
		11/26/18	3,556				
		05/26/19	3,556				
		11/26/19	3,556				
		05/26/20	3,556				
		11/26/20	3,556				
		05/26/21	3,556				
		11/26/21	3,556				
		05/26/22	3,556				
		11/26/22	3,556				
		05/26/23	3,556				
		11/26/23	3,556				

TOWN OF KEARNY, N.J.

Schedule of Green Acres Trust Loans Payable

General Capital Fund

Year Ended December 31, 2014

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding, December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2014</u>
		<u>Date</u>	<u>Amount</u>				
Gunnel Oval Skateboard, (cont.)		05/26/24	3,556				
		11/26/24	3,556				
		05/26/25	3,556				
		11/26/25	3,556				
		05/26/26	3,556				
		11/26/26	3,556				
		05/26/27	3,556				
		11/26/27	3,556				
		05/26/28	3,556				
		11/26/28	3,560				
Waterfront Acquisition	191,500	02/17/15	4,203	2.00%	183,382	8,281	175,101
		08/17/15	4,245				
		02/17/16	4,288				
		08/17/16	4,330				
		02/17/17	4,374				
		08/17/17	4,417				
		02/17/18	4,462				
		08/17/18	4,506				
		02/17/19	4,551				
		08/17/19	4,597				
		02/17/20	4,643				
		08/17/20	4,689				
		02/17/21	4,736				
		08/17/21	4,783				
		02/17/22	4,831				
		08/17/22	4,880				
		02/17/23	4,928				
		08/17/23	4,978				
		02/17/24	5,027				
		08/17/24	5,078				
		02/17/25	5,129				
		08/17/25	5,180				
		02/17/26	5,232				
		08/17/26	5,284				
		02/17/27	5,337				
		08/17/27	5,390				
		02/17/28	5,444				
		08/17/28	5,499				
		02/17/29	5,553				
		08/17/29	5,609				
		02/17/30	5,665				
		08/17/30	5,722				
		02/17/31	5,779				
		08/17/31	5,837				
		02/17/32	5,895				

TOWN OF KEARNY, N.J.

Schedule of Green Acres Trust Loans Payable

General Capital Fund

Year Ended December 31, 2014

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding, December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Decreased</u>	<u>Balance</u>
		<u>Date</u>	<u>Amount</u>		<u>Dec. 31, 2013</u>		<u>Dec. 31, 2014</u>
Harvey Field Soccer Impr.	435,000	02/28/15	9,453	2.00%	425,825	18,626	407,199
		08/28/15	9,547				
		02/28/16	9,643				
		08/28/16	9,739				
		02/28/17	9,837				
		08/28/17	9,935				
		02/28/18	10,034				
		08/28/18	10,135				
		02/28/19	10,236				
		08/28/19	10,338				
		02/28/20	10,442				
		08/28/20	10,546				
		02/28/21	10,652				
		08/28/21	10,758				
		02/28/22	10,866				
		08/28/22	10,975				
		02/28/23	11,084				
		08/28/23	11,195				
		02/28/24	11,307				
		08/28/24	11,420				
		02/28/25	11,534				
		08/28/25	11,650				
		02/28/26	11,766				
		08/28/26	11,884				
		02/28/27	12,003				
		08/28/27	12,123				
		02/28/28	12,244				
		08/28/28	12,366				
		02/28/29	12,490				
		08/28/29	12,615				
		02/28/30	12,741				
		08/28/30	12,868				
		02/28/31	12,997				
		08/28/31	13,127				
		02/28/32	13,258				
		08/28/32	13,391				
					<u>\$ 1,199,766</u>	<u>72,595</u>	<u>1,127,171</u>

TOWN OF KEARNY, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2014

Ordinance Number	Improvement Description	Ordinance Amount	Balance December 31, 2013		Paid or Charged	Balance December 31, 2014	
			Funded	Unfunded		Funded	Unfunded
<u>General Improvements:</u>							
2004-25	Improvements to Solids and Floatables Facility	11,000,000		1,083,135			1,083,135
2012-27	Road & Sewer Improvements	1,791,100		867,603	752,514		115,089
2012-48	Tax Appeal Refunding	750,000		15,106		15,106	
2012-59	Tax Appeal Refunding	150,000		5,589		5,589	
2013-20	Acquisition of Property	725,000		10,867			10,867
2013-21	Various Road & Sewer Improvements	1,567,560	424,705	1,142,855	590,385		977,175
2013-22	Various Capital Improvements	1,750,000		1,549,670	1,073,873		475,797
2014-33	Various Capital Improvements	2,681,930			999,950		1,681,980
2014-51	Water Utility Infrastructure Improvements	2,000,000				100,000	1,900,000
			\$ 424,705	4,674,825	3,416,722	120,695	6,244,043
			Deferred Charges Unfunded				
			Capital Improvement Fund	4,275,000			
			Grants Receivable	225,000			
				181,930			
				\$ 4,681,930			

Exhibit C-12

TOWN OF KEARNY, N.J.

Schedule of Reserve for Payment of Debt

General Capital Fund

Year Ended December 31, 2014

	<u>Increases</u>	<u>Decreased by:</u> Utilized as Budget <u>Revenue</u>
Reserve for:		
Payment of Debt	\$ <u>20,000</u>	<u>20,000</u>

Exhibit C-13

TOWN OF KEARNY, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ 24,937
Increased by:	
Budget appropriation	<u>200,063</u>
	225,000
Decreased by:	
Appropriated to Finance	
Improvement Authorizations	<u>\$ 225,000</u>

TOWN OF KEARNY, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2014

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
2008-34	Road/Sewer Improvements	June 29, 2010	Feb. 6, 2014	Feb. 5, 2015	1.00%	1,342,102	1,342,102	1,342,102	1,342,102
2008-35/2011-43	Various Capital Improvements	June 29, 2010	Feb. 6, 2014	Feb. 5, 2015	1.00%	811,708	811,708	811,708	811,708
2008-36	Multi-Park Improvements	June 29, 2010	Feb. 6, 2014	Feb. 5, 2015	1.00%	465,516	465,516	465,516	465,516
2009-12	Various Capital Improvements	June 29, 2010	Feb. 6, 2014	Feb. 5, 2015	1.00%	452,594	452,594	452,594	452,594
2010-06	Various Capital Improvements	June 28, 2011	Feb. 6, 2014	Feb. 5, 2015	1.00%	950,000	878,000	950,000	878,000
2011-13	Various Capital Improvements	June 28, 2011	Feb. 6, 2014	Feb. 5, 2015	1.00%	950,000	900,000	950,000	900,000
2012-27	Various Road Improvements	Dec. 21, 2012	Feb. 6, 2014	Feb. 5, 2015	1.00%	1,425,000	1,425,000	1,425,000	1,425,000
2012-47	Various Capital Improvements	Dec. 21, 2012	Feb. 6, 2014	Feb. 5, 2015	1.00%	1,900,000	1,900,000	1,900,000	1,900,000
2012-48	Tax Appeal Refunding	Dec. 21, 2012	Feb. 6, 2014	Feb. 5, 2015	1.00%	375,000	375,000	375,000	375,000
2012-59	Tax Appeal Refunding	Dec. 21, 2012	Feb. 6, 2014	Feb. 5, 2015	1.00%	75,000	75,000	75,000	75,000
2013-20	Acquisition of Property	Aug. 15, 2013	Feb. 6, 2014	Feb. 5, 2015	1.00%	690,475	690,475	690,475	690,475
2013-21	Various Road and Sewer Improvements	Aug. 15, 2013	Feb. 6, 2014	Feb. 5, 2015	1.00%	1,142,855	1,142,855	1,142,855	1,142,855
2013-22	Various Capital Improvements	Aug. 15, 2013	Feb. 6, 2014	Feb. 5, 2015	1.00%	1,666,650	1,666,650	1,666,650	1,666,650
1998-26	Sewer Separation Project	Aug. 14, 2013	Feb. 6, 2014	Feb. 5, 2015	1.50%	9,310	9,310	9,310	9,310
2004-25	Imps. To CSO Solids/Floatables Control Facilities	Aug. 14, 2013	Feb. 6, 2014	Feb. 5, 2015	1.50%	1,768,167	1,768,167	1,768,167	1,768,167
						<u>\$ 14,024,377</u>	<u>13,452,377</u>	<u>14,024,377</u>	<u>13,452,377</u>
Budget Appropriation Renewed							572,000		
							<u>13,452,377</u>	<u>13,452,377</u>	
						<u>\$</u>	<u>13,452,377</u>	<u>14,024,377</u>	

TOWN OF KEARNY, N.J.
Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund
Year Ended December 31, 2014

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Authorizations</u>	<u>Balance December 31, 2014</u>
<u>General Improvements:</u>			
2014-33	Various Capital Improvements	\$ 2,375,000	2,375,000
2014-51	Water Utility Infrastructure Improvements	<u>1,900,000</u>	<u>1,900,000</u>
		<u>\$ 4,275,000</u>	<u>4,275,000</u>

TOWN OF KEARNY, N.J.

Schedule of Cash - Treasurer

Water Utility Fund

Year Ended December 31, 2014

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2013	\$ <u>78,391</u>	<u>1,776,397</u>
Increased by Receipts:		
Water Collector	6,177,818	
Special Emergency Note	42,000	
Infrastructure Trust Fund Loans		145,915
Premium on Bond Anticipation Notes		<u>12,606</u>
	<u>6,219,818</u>	<u>158,521</u>
	6,298,209	1,934,918
Decreased by Disbursements:		
2014 Appropriations	5,728,099	
2013 Appropriation Reserves	50,030	
Accrued Interest on Bonds, Notes and Loans	304,524	
Fund Balance due to Operating Fund		40,949
Improvement Authorizations		<u>313,357</u>
	<u>6,082,653</u>	<u>354,306</u>
Balance, December 31, 2014	\$ <u><u>215,556</u></u>	<u><u>1,580,612</u></u>

Exhibit D-6

TOWN OF KEARNY, N.J.

Analysis of Cash

Water Utility Capital Fund

Year Ended December 31, 2014

	Balance, Dec. 31, <u>2014</u>	
NJ Infrastructure Trust Fund Loans Receivable	\$ (243,636)	
Capital Improvement Fund	57,750	
Unexpended Note Proceeds on cancelled Improvement Authorizations:		
Ord. 2008-32	223	
Ord. 2008-50	13,445	
Reserve for Payment of Debt, Ord. 2010-05	240,000	
Capital fund Balance	12,606	
Improvement Authorizations:		
Ordinance		
<u>number</u>	<u>General improvements</u>	
2009-31	Central Ave Water Improvements	135,573
2010-05	North Hackensack Ave and Stern Ave Water Improvements	64,651
2012-26	Various Water Utility Improvements	<u>1,300,000</u>
	\$	<u>1,580,612</u>

Exhibit D-7

TOWN OF KEARNY, N.J.

Schedule of Deferred Charges N.J.S.A. 40A:4-53, Special Emergency Authorizations

Water Utility Operating Fund

Year Ended December 31, 2014

<u>Purpose</u>	<u>Date</u>	<u>Amount</u> <u>Authorized</u>	<u>Added in</u> <u>2014</u>	<u>Balance</u> <u>Dec. 31,</u> <u>2014</u>
Accumulated Sick/Terminal Pay	12/29/2014	42,000	\$ 42,000	42,000
			\$ 42,000	42,000

TOWN OF KEARNY, N.J.

**Schedule of Consumers' Accounts Receivable -
Operating Fund**

Water Utility Operating Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ 766,390
Increased by:	
2014 Levy	<u>5,339,777</u>
	6,106,167
Decreased by:	
Cash receipts	<u>5,201,756</u>
Balance, December 31, 2014	<u><u>\$ 904,411</u></u>

TOWN OF KEARNY, N.J.

Schedule of 2013 Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2014

	Balance, December 31, <u>2013</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 18	18		18
Other Expenses	15,544	62,811	50,030	12,781
North Jersey Water District Supply	77	77		77
Statutory Expenditures:				
Social Security	<u>50</u>	<u>50</u>		<u>50</u>
	<u>\$ 15,689</u>	<u>62,956</u>	<u>50,030</u>	<u>12,926</u>
Encumbrances		47,267		
Appropriation Reserves		<u>15,689</u>		
		<u>\$ 62,956</u>		

TOWN OF KEARNY, N.J.

Schedule of Loans Receivable

Water Utility Capital Fund

Year Ended December 31, 2014

<u>Ordinance Number</u>	<u>Description</u>	Balance, Dec. 31, <u>2013</u>	<u>Reduced</u>	Balance, Dec. 31, <u>2014</u>
	Environmental Infrastructure Loans:			
2009-31	Central Ave Water Improvements	\$ 135,573		135,573
2010-05	North Hackensack Ave and Stern Ave Water Improvements	<u>253,978</u>	<u>145,915</u>	<u>108,063</u>
		<u>\$ 389,551</u>	<u>145,915</u>	<u>243,636</u>

Analysis of Balance

2009-31 Trust Loan	135,573
2010-05 Fund Loan	73,602
2010-05 Trust Loan	<u>34,461</u>
	<u>\$ 243,636</u>

TOWN OF KEARNY, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2014

<u>Account</u>	Balance, Dec. 31, <u>2013</u>	Balance, Dec. 31, <u>2014</u>
Mains and Accessories	\$ 12,464,451	12,464,451
Wanaque Project	4,466,891	4,466,891
Ramapo Project	615,103	615,103
General	5,289,670	5,289,670
Acquisition of Vehicles	300,000	300,000
Acquisition of Water Meters	<u>5,219,310</u>	<u>5,219,310</u>
	<u>\$ 28,355,425</u>	<u>28,355,425</u>

TOWN OF KEARNY, N.J.
Schedule of Fixed Capital Authorized and Uncompleted
Water Utility Capital Fund
Year Ended December 31, 2014

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Ordinance</u>		Balance, Dec. 31, <u>2013</u>	Authorized in <u>2014</u>	Balance, Dec. 31, <u>2014</u>
		<u>Date</u>	<u>Amount</u>			
2009-31	Central Ave Water Improvements	July 21, 2009	1,700,000	\$ 135,573		135,573
2010-05	North Hackensack Ave and Stern Ave Water Improvements	Feb. 23, 2010	1,000,000	1,000,000		1,000,000
2012-26	Various Water Utility Improvements	June 26, 2012	1,500,000	1,500,000		1,500,000
2014-52	Various Water Utility Improvements	Dec. 29, 2014	1,000,000		1,000,000	1,000,000
				<u>\$ 2,635,573</u>	<u>1,000,000</u>	<u>3,635,573</u>

TOWNSHIP OF KEARNY, N.J.
Schedule of Special Emergency Notes Payable

Current Fund						
Year Ended December 31, 2014						
<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Issued</u>	<u>Balance, Dec. 31, 2014</u>
Special Emergency Note	Nov. 12, 2014	Dec. 19, 2014	Dec. 18, 2015	1.50%	\$ 42,000	42,000
					\$ 42,000	42,000

TOWN OF KEARNY, N.J.

Schedule of Accrued Interest on Bonds, Notes and Loans

Water Utility Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ 120,328
Increased by:	
Budget Appropriation	<u>417,409</u>
	537,737
Decreased by:	
Payments	<u>304,524</u>
Balance, December 31, 2014	<u>\$ 233,213</u>

<u>Analysis of Balance</u>	<u>Principal Outstanding December 31, 2014</u>	<u>Period</u>	<u>Interest Rate</u>	<u>Required Amount</u>
Serial Bonds	85,000	5 months	5.10%	1,806
Serial Bonds	303,000	5 1/2 months	Various	7,569
Serial Bonds	5,395,000	5 1/2 months	Various	99,745
Serial Bonds	50,000	5 1/2 months	Various	573
Bond Anticipation Notes	6,658,338	328 days	1.00%	60,665
NJEIT Loan	305,000	5 months	Various	5,281
NJEIT Loan	206,039	5 months	Various	<u>1,721</u>
				<u>\$ 177,360</u>

TOWN OF KEARNY, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2014

Ordinance number	Improvement description	Ordinance		Balance, Dec. 31, 2013		2014 Authorizations	Balance, Dec. 31, 2014	
		Date	Amount	Funded	Unfunded		Funded	Unfunded
2009-31	Central Ave Water Improvements	July 21, 2009	1,700,000	135,573			135,573	
2010-05	North Hackensack Ave and Stern Ave Water Improvements	Feb. 23, 2010	1,000,000	213,898	119,568		64,651	119,568
2012-26	Various Water Utility Improvements	Jun. 26, 2012	1,500,000		1,464,110		164,110	1,300,000
2014-52	Various Water Utility Improvements	Dec. 29, 2014	1,000,000			1,000,000		1,000,000
				\$ 349,471	1,583,678	1,000,000	200,224	2,419,568

Exhibit D-16

TOWN OF KEARNY, N.J.

Schedule of Capital Improvement Fund

Water Utility Capital Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ <u>57,750</u>
Balance, December 31, 2014	\$ <u><u>57,750</u></u>

Exhibit D-17

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ 16,404,474
Increased by:	
Payment of Serial Bond Principal	\$ 340,000
Paydown on Bond Anticipation Notes	12,700
Payment of NJ Environmental Infrastructure Loan Principal	<u>116,591</u>
	<u>469,291</u>
Balance, December 31, 2014	\$ <u><u>16,873,765</u></u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Payment of Debt

Water Utility Capital Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ <u>240,000</u>
Balance, December 31, 2014	\$ <u><u>240,000</u></u>

TOWN OF KEARNY, N.J.

Schedule of Water Utility Serial Bonds

Water Utility Capital Fund

Year Ended December 31, 2014

Purpose	Date of issue	Original issue	Maturities of bonds outstanding, December 31, 2014		Interest rate	Balance, Dec. 31, 2013	Decreased	Balance, Dec. 31, 2014
			Date	Amount				
Water Bond Series 1997	November 15, 1997	735,000	Aug. 1, 2015 Aug. 1, 2016	40,000 45,000	5.10% 5.10%	125,000	40,000	85,000
Acquisition of Water Meters	January 15, 2003	1,463,000	Jan. 15, 2015 Jan. 15, 2016	150,000 153,000	5.40% 5.50%	453,000	150,000	303,000
Water Improvements	January 15, 2008	5,925,000	Jan. 15, 2015 Jan. 15, 2016 Jan. 15, 2017 Jan. 15, 2018 Jan. 15, 2019 Jan. 15, 2020 Jan. 15, 2021 Jan. 15, 2022 - 26 Jan. 15, 2027	135,000 150,000 350,000 400,000 425,000 450,000 475,000 500,000 510,000	3.50% 3.50% 3.50% 5.25% 4.00% 4.00% 4.00% 4.00% 4.00%	5,520,000	125,000	5,395,000
Water Utility Refunding Bonds	Aug. 5, 2011	105,000	Jan. 15, 2015 Jan. 15, 2016	25,000 25,000	3.00% 2.00%	75,000	25,000	50,000
						<u>\$ 6,173,000</u>	<u>340,000</u>	<u>5,833,000</u>

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

Water Utility Capital Fund

Year Ended December 31, 2014

	Original Issue		Maturities of Loans Outstanding, December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
	Date	Amount	Date	Amount				
Trust Share	03/10/10	\$ 365,000	08/01/15	15,000	5.00%	\$ 320,000	15,000	305,000
			08/01/16	15,000	5.00%			
			08/01/17	15,000	5.00%			
			08/01/18	15,000	5.00%			
			08/01/19	20,000	4.00%			
			08/01/20	20,000	5.00%			
			08/01/21	20,000	3.00%			
			08/01/22	20,000	4.00%			
			08/01/23	20,000	4.00%			
			08/01/24	20,000	4.00%			
			08/01/25	25,000	4.00%			
			08/01/26	25,000	3.50%			
			08/01/27	25,000	4.00%			
			08/01/28	25,000	4.00%			
			08/01/29	25,000	4.00%			
Fund Share	03/10/10	1,110,375	02/01/15	18,819	*	481,261	56,460	424,801
			08/01/15	37,640	*			
			02/01/16	18,820	*			
			08/01/16	37,640	*			
			02/01/17	18,819	*			
			08/01/17	37,640	*			
			02/01/18	18,820	*			
			08/01/18	37,640	*			
			02/01/19	18,819	*			
			08/01/19	37,640	*			
			02/01/20	18,820	*			
			08/01/20	37,640	*			
			02/01/21	18,820	*			
			08/01/21	37,640	*			
			02/01/22	18,820	*			
			08/01/22	10,764	*			

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

Water Utility Capital Fund

Year Ended December 31, 2014

	Original Issue		Maturities of Loans Outstanding, December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
	Date	Amount	Date	Amount				
Trust Share	05/16/12	227,554	08/01/15	10,807	0.48%	216,808	10,769	206,039
			08/01/16	10,859	0.58%			
			08/01/17	10,922	0.77%			
			08/01/18	11,006	0.99%			
			08/01/19	11,115	1.21%			
			08/01/20	11,249	1.47%			
			08/01/21	11,415	1.68%			
			08/01/22	11,606	1.84%			
			08/01/23	11,820	1.99%			
			08/01/24	12,055	2.11%			
			08/01/25	12,310	2.23%			
			08/01/26	12,584	2.33%			
			08/01/27	12,877	2.86%			
			08/01/28	13,246	2.95%			
			08/01/29	13,636	3.03%			
			08/01/30	14,050	3.08%			
			08/01/31	14,482	3.14%			
Fund Share	05/16/12	652,878	02/01/15	11,454	*	618,517	34,362	584,155
			08/01/15	22,908	*			
			02/01/16	11,454	*			
			08/01/16	22,908	*			
			02/01/17	11,454	*			
			08/01/17	22,908	*			
			02/01/18	11,454	*			

TOWN OF KEARNY, N.J.
Schedule of New Jersey Wastewater Loan Payable
Water Utility Capital Fund
Year Ended December 31, 2014

Fund Share, cont.	Original Issue		Maturities of Loans Outstanding, December 31, 2014		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
	Date	Amount	Date	Amount				
	05/16/12		08/01/18	22,908	*			
			02/01/19	11,454	*			
			08/01/19	22,908	*			
			02/01/20	11,454	*			
			08/01/20	22,908	*			
			02/01/21	11,454	*			
			08/01/21	22,908	*			
			02/01/22	11,454	*			
			08/01/22	22,908	*			
			02/01/23	11,454	*			
			08/01/23	22,908	*			
			02/01/24	11,454	*			
			08/01/24	22,908	*			
			02/01/25	11,454	*			
			08/01/25	22,908	*			
			02/01/26	11,454	*			
			08/01/26	22,908	*			
			02/01/27	11,454	*			
			08/01/27	22,908	*			
			02/01/28	11,454	*			
			08/01/28	22,908	*			
			02/01/29	11,454	*			
			08/01/29	22,908	*			
			02/01/30	11,454	*			
			08/01/30	22,908	*			
			02/01/31	11,454	*			
			08/01/31	22,909	*			

* Interest Free

TOWN OF KEARNY, N.J.

Schedule of Bond Anticipation Notes Payable

Water Utility Capital Fund

Year Ended December 31, 2014

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
2008-32	Various Water Improvements	June 29, 2010	Feb. 6, 2014	Feb. 5, 2015	1.00%	\$ 1,462,012	1,462,012	1,462,012	1,462,012
2008-33	Water Meter Acquisition	June 29, 2010	Feb. 6, 2014	Feb. 5, 2015	1.00%	1,462,012	1,462,012	1,462,012	1,462,012
2008-50	Various Water Improvements	June 29, 2010	Feb. 6, 2014	Feb. 5, 2015	1.00%	1,247,014	1,247,014	1,247,014	1,247,014
2011-14	Water Utility Infrastructure Imp:	Jun. 28, 2011	Feb. 6, 2014	Feb. 5, 2015	1.00%	1,000,000	987,300	1,000,000	987,300
2012-26	Various Water Improvements	Dec. 21, 2012	Feb. 6, 2014	Feb. 5, 2015	1.00%	1,500,000	1,500,000	1,500,000	1,500,000
						<u>\$ 6,671,038</u>	<u>6,658,338</u>	<u>6,671,038</u>	<u>6,658,338</u>
						Cash		12,700	
						Renewed	6,658,338	6,658,338	
							<u>\$ 6,658,338</u>	<u>6,671,038</u>	

TOWN OF KEARNY, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Year Ended December 31, 2014

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, Dec. 31, <u>2013</u>	<u>Authorized</u>	Balance, Dec. 31, <u>2014</u>
2010-05	North Hackensack Ave and Stern Ave Water Improvements	\$ 119,568		119,568
2014-52	Various Water Utility Improvements	<u> </u>	<u>1,000,000</u>	<u>1,000,000</u>
		<u>\$ 119,568</u>	<u>1,000,000</u>	<u>1,119,568</u>

Exhibit E-1

TOWN OF KEARNY, N.J.

Schedule of Cash

Public Assistance Trust Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ <u>26,675</u>
Increased by:	
Loan Repayment	<u>275</u>
	26,950
Decreased by:	
Emergency Assistance	<u>618</u>
Balance, December 31, 2014	\$ <u><u>26,332</u></u>

Exhibit E-2

Reserve for Public Assistance Expenditures

Public Assistance Trust Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ <u>26,675</u>
Increased by:	
Loan Repayment	<u>275</u>
	26,950
Decreased by:	
Emergency Assistance	<u>618</u>
Balance December 31, 2014	\$ <u><u>26,332</u></u>

TOWN OF KEARNY

Letters on Compliance and on Internal Control

General Comments and Recommendations

Year Ended December 31, 2014

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, 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, the financial statements-regulatory basis of the Town of Kearny in the County of Hudson as of and for the year ended December 31, 2014 and the related notes to the financial statements, and have issued our report thereon dated July 29, 2015, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

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



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

We also identified certain immaterial deficiencies in internal control that we have reported to management of the Town of Kearny in the accompany comments and recommendations section of this report.

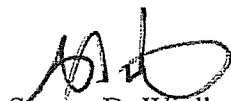
Compliance and Other Matters

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*.

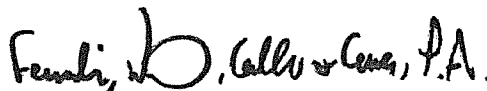
We also noted certain immaterial instances of noncompliance that we have reported to the management of the Town of Kearny in the accompanying comments and recommendations section of this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Kearny's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Kearny's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



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



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

July 29, 2015

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

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

Report on Compliance for Each Major Federal and State Program

We have audited the Town of Kearny in the County of Hudson compliance 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 could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2014. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Kearny's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 a major federal and state program 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination on the Town of Kearny's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Town of Kearny complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the Town of Kearny is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Kearny's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal and state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance with OMB Circular A-133 and N.J. OMB Circular 04-04, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Honorable Mayor and
Members of the Town Council
Page 3.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.



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



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

July 29, 2015

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2014

<u>Program</u>	<u>CFDA number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>MEMO</u>	
					<u>Expenditures</u>	<u>Cumulative Total Expenditures</u>
Federal and State Grant Fund: <u>U.S. Department of Justice:</u>						
COPS Technology Program Grant	16.710	2010	200,000	200,000	42,044 *	42,044
Bulletproof Vest Partnership Program	16.607	2013	8,892	2,176	2,176 *	4,520
Bulletproof Vest Partnership Program	16.607	2014	15,341		*	
Justice Assistance Grant	16.738	2012	10,191		1,692 *	3,093
				202,176	45,912 *	49,657
<u>U.S. Department of Transportation</u>						
Drive Sober or Get Pulled Over (Holiday)	20.601	12/6/13-1/2/14	4,400	2,750	2,750 *	2,750
Drive Sober or Get Pulled Over (Labor Day Crackdown)	20.601	8/15/14-9/1/14	5,000	3,100	3,100 *	3,100
Drive Sober or Get Pulled Over (Superbowl Crackdown)	20.601	1/28/14-2/3/14	4,000	2,950	2,950 *	2,950
National Highway Traffic Safety Administration Pedestrian Safety Grant	20.609	2013	12,000	4,700	3,450 *	4,700

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2014

<u>Program</u>	<u>CFDA number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Expenditures</u>	<u>MEMO Cumulative Total Expenditures</u>
Federal Highway Administration(FHWA)						
Highway Planning and Construction						
Riverbank Park Bike Trail	20.205	2012	122,790	78,380	46,105 *	168,895
				91,880	58,355 *	182,395
Department of Health and Human Services						
Passed Through Hudson County Health Dept. - Office of the Aging						
Social Services Block Grant	93.667	2013	50,000	7,771	7,771 *	46,624
Social Services Block Grant	93.667	2014	51,100	39,437	39,437 *	39,437
				47,208	47,208 *	86,061
Department of Homeland Security						
Hazard Mitigation Grant Program - Energy Allocation Initiative	97.039	2014	250,000		*	
Hazard Mitigation Grant Program - Local Designated Shelter	97.039	2014	132,854		*	
Emergency Management Assistance	97.042	2010	10,000		1,830	11,830
Emergency Management Assistance	97.042	2011	10,000		*	10,000
Emergency Management Assistance	97.042	2012	10,000		2,703 *	3,116
Emergency Management Assistance	97.042	2013	10,000		*	

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2014

Program	CFDA number	Grant period	Award Amount	Cash Received	MEMO	
					Expenditures	Cumulative Total Expenditures
FY'10 Port Security Grant - Fire Boat	97.056	2012	\$ 456,910	74,570	145,568 *	450,134
FY'11 Port Security Grant - Response Equipment	97.056	2012	297,200	5,660	204,194 *	297,081
FY'12 Port Security Grant	97.056	2012	21,800	20,943	17,163 *	20,943
Total Federal and State Grant Fund				101,173	371,458 *	793,104
				442,437	522,933 *	1,111,217
<u>Current Fund:</u>						
U.S. Department of Law and Public Safety					*	
FEMA Reimbursement - Hurricane Sandy	97.036	10/30/2012	815,863	82,553	*	815,863
Total Current Fund				82,553	*	815,863
<u>General Capital Fund:</u>						
U.S. Department of Transportation						
Federal Highway Administration (FHWA)						
Highway Planning and Construction - Ord. 2013-21	20.205	2013	367,560		367,560 *	367,500
Total General Capital Fund					367,560 *	367,500

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2014

Program	CFDA number	Grant period	Award Amount	Cash Received	Expenditures	MEMO
						Cumulative Total Expenditures
<u>Water Utility Capital Fund:</u>						
Department of Environmental Protection - Office of Water						
Capitalization Grants for Drinking Water, State						
Revolving Funds - ARRA (Central Ave. Water Imps.)						
North Hackensack Ave and Stern Ave Water Impr.						
Total Water Utility Capital Fund						
<u>Other Trust Fund:</u>						
Department of Housing and Urban Development						
(passed through County of Hudson):						
Community Development Block Grant:						
Kearny/Laurel Avenue Road Construction						
Kearny/Laurel Avenue Road Construction						
Central Avenue Reconstruction						
Arlington/John Hay Avenue Reconstruction						
Total Trust Funds						
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 December 31, 2014

	<u>Grant number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>MEMO Cumulative Total Expenditures</u>
Federal and State Grant Fund: <u>Department of Commerce & Economic Development:</u> Urban Enterprise Zone Program:	2830-763-250120-50	FY2010	600,000	5,271	4,746 *	309,007 *
	2830-763-250120-50	2010	49,800	18,678	530 *	96,712 *
	2830-763-250120-50	FY2010	500,140	15,613	15,613 *	500,140 *
	2830-763-250120-50	2012	250,000	60,116	60,116 *	60,116 *
	2830-763-250120-50	2012	108,000		950	92,534
	2830-763-250120-50	2013	95,983	28,250	24,724 *	45,554 *
	2830-763-250120-50	2013	73,750	73,602	43,201 *	73,602 *
	2830-763-250120-50	2013	40,000	40,000	40,000 *	40,000 *
	2830-763-250120-50	2013	40,000	39,930	39,930 *	22,536 *
	2830-763-250120-50	2013	110,000	48,822	48,822 *	48,822 *
	2830-763-250120-50	2013	144,000	112,256	112,256 *	112,256 *
	2830-763-250120-50	2013	212,137	208,960	208,960 *	208,960 *
	2830-763-250120-50	2014	150,000	26,588	26,588 *	26,588 *
	2830-763-250120-50	2014	215,781	163,971	168,290 *	168,290 *
				842,057	794,726 *	1,805,117
	2000-082-995120-44	2013	61,062	47,940	24,808 *	61,062 *
	2000-082-995120-44	2014	35,148		2,390 *	2,390 *
				47,940	27,198 *	63,452
	4900-765-178910-60	2012	44,340		23 *	44,056 *
	4900-765-178910-60	2013	51,137		15,665 *	35,472 *
	4900-765-178910-60	2014	47,589	47,589		
<u>Department of Community Affairs</u> Municipal Alliance Program Municipal Alliance Program						
<u>Department of Environmental Protection</u> Clean Communities Program Clean Communities Program Clean Communities Program						

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2014

	<u>Grant number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>MEMO Cumulative Total Expenditures</u>
<u>Dept. of Environmental Protection, cont.</u>						
Recycling Tonnage Grant	4900-752-178810-60	2011	54,337			* 43,387
Recycling Tonnage Grant	4900-752-178810-60	2012	64,428			* 50,361
Recycling Tonnage Grant	4900-752-178810-60	2012	54,617	54,617		* *
Recycling Tonnage Grant	4900-752-178810-60	2013	59,181			* *
Green Communities Grant (State Forestry Svcs)	PF13-095	2013	3,000			* *
Hazardous Discharge Site Remediation Fund		2012	47,258		28,837	* 28,837
Hazardous Discharge Site Remediation Fund	P39180	2014	45,948			* *
Hazardous Discharge Site Remediation Fund	P40059	2014	84,451			* *
De-Snagging and Shoal Dredging Grant		2014	88,032			* *
<u>Department of the Judiciary</u>						
Alcohol Education/Rehabilitation Fund	9735-760-098	2013	158	102,206	44,525	* 202,113
<u>Department of Law and Public Safety:</u>						
Drunk Driving Enforcement Fund	4320-100-046-4750-241	FY10	14,755		1,930	* 13,570
Body Armor Grant	1020-718-001-066	2011	10,214			* 10,214
Body Armor Grant	1020-718-001-066	2012	9,519			* 9,519
Body Armor Grant	1020-718-001-066	2013	11,688			* *
Body Armor Grant	1020-718-001-066	2014	8,851	8,851		* *
Total State Assistance				8,851	1,930	* 33,303
				1,001,054	868,379	* 2,103,985

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2014

	<u>Grant number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>MEMO Cumulative Total Expenditures</u>
<u>Other Financial Assistance:</u>						
<u>Hudson County:</u>						
Open Space Trust Fund:						
LEED Improvements at Veteran's Field	N/A	FY2010	175,000	10,800	10,800 *	154,120
All Season Multipurpose Veteran's Field	N/A	FY2010	350,000		*	200,000
All Season Surface - Veteran's Field	PI-07-10	FY2010	100,000		*	
Development of Riverbank Park	PI-09-10	FY2010	300,000	14,175	455 *	300,000
Veterans Field House Construction	OS-27-07	2007	110,000		*	110,000
Kearny Library Garden	PI-03-12	2012	100,000	84,308	66,385 *	100,000
Riverbank Park Dog Run	PI-06-14	2014	175,000		7,564 *	7,564
<u>Other Miscellaneous Local Assistance:</u>						
Jersey Fresh Grant	N/A	2010	1,482		*	
NJ Transit Reforestation Plan	N/A	2010	68,400		*	
Port Security Grant	N/A	2010	75,000		*	75,000
Total Other Financial Assistance				109,283	85,204 *	946,684
Total Federal and State Grant Fund				1,110,337	953,583 *	3,050,669

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2014

	<u>Grant number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>MEMO Cumulative Total Expenditures</u>
General Capital Fund:						
Department of Transportation:						
Various Road Improvements	480-078-6320-AK-6010	2012-27	291,100	134,403	*	291,100
Various Capital Improvements	480-078-6320-AK-6010	2014-33	181,930		181,930 *	181,930
Total General Capital Fund				134,403	181,930 *	473,030
Water Utility Capital Fund						
Department of Environmental Protection						
Central Avenue Water Improvements -						
Infrastructure Trust Financing - Trust Portion		2009	260,910		*	228,438
North Hackensack Ave and Stern Ave Water Impr.						
Infrastructure Trust Financing - Trust Portion		2012	227,554	36,479	36,479 *	203,021
Total Water Utility Capital Fund				36,479	36,479 *	431,459
Total State Awards/Other Awards				1,281,219	1,171,992 *	3,955,158

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 DECEMBER 31, 2014**

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>Total</u>
Federal/State Grant Fund	\$522,933	\$953,583	\$1,476,516
Community Development Grant Fund	927,563		927,563
General Capital Fund	367,560	181,930	549,490
Water Utility Capital Fund	<u>109,436</u>	<u>36,479</u>	<u>145,915</u>
	<u>\$1,927,492</u>	<u>\$1,171,992</u>	<u>\$3,099,484</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 DECEMBER 31, 2014
(CONTINUED)**

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The Town's federal and state loans outstanding at December 31, 2014, 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 - Capital Fund	\$6,350,969
State of New Jersey Environmental Infrastructure Trust Loan Program - Utility Capital Fund	1,519,995
State of New Jersey Green Acres Bond Act	<u>1,127,171</u>
	<u>\$8,998,135</u>

**TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

adverse: GAAP

modified: OCBOA

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 Section

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X yes

_____ no

Type of auditors' report on compliance for major programs:

unmodified

Internal Control over compliance:

1. Significant deficiencies identified that are not considered to be material weaknesses?

_____ yes

 X none
reported

2. Material weakness(es) identified?

_____ yes

 X no

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

_____ yes

 X no

Identification of major programs:

CFDA Number(s)

20.205

66.468

Name of Federal Program or Cluster

Department of Transportation - Federal Highway
Planning and Construction

Department of Environmental Protection - Office of
Water Capitalization Grants

**TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

State Awards Section

Dollar threshold used to distinguish between type A and
type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X yes no

Type of auditors' report on compliance for major programs:

unmodified

Internal Control over compliance:

1. Significant deficiencies identified that are
not considered to be material weaknesses?

 yes X none
reported

2. Material weakness(es) identified?

 yes X no

Any audit findings disclosed that are required to be reported
in accordance with N.J. OMB Circular 04-04, as amended?

 yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

2830-763-25012-50

Urban Enterprise Zone Program

**TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(continued)**

Section II - 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

N.J.S.A. 40A:11-3 states:

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, 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, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to 25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. 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 subparagraph (I) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A. 40A:11-4 states:

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

TOWN OF KEARNY

GENERAL COMMENTS, (continued)

Effective July 1, 2005, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000.

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

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

Water Reading, Billing, Collection & Customer Service	Solid Waste and Recyclable Materials Collection Service
Solid Waste and Recyclable Materials Collection Service	Landscaping Services
Phase "A" of the 2014 Municipal Road Program	CDBG Central Avenue Resurfacing Project
Fireworks Display on the 4 th of July 2014	Water Rescue Equipment for Kearny Fire Department
101 Kearny Avenue Off-Street Metered Parking Project	Phase "B" of the 2014 Municipal Road Program
Dump Truck with Plow and Spreader	New Jersey Department of Transportation Midland Avenue (Section 2)

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

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. No violations were disclosed.

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

TOWN OF KEARNY

GENERAL COMMENTS, (continued)

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 did not adopt a resolution authorizing interest to be charged on delinquent taxes in the current year.

The governing body on February 5, 2013 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 6% per annum, upon delinquent installments of taxes and assessments; and

BE IT FURTHER RESOLVED, that the Mayor and Council authorize an interest charge of 12% per annum upon delinquent installments of taxes in excess of \$1,500.00 and an additional penalty of 6% on delinquencies in excess of \$10,000.00 at the end of the calendar year and,

BE IT FURTHER RESOLVED, that the Mayor and Council provide a grace period of 10 days, within which an installment of taxes or assessment may be received without an additional charge of interest; and

BE IT FURTHER RESOLVED, that any installment received after the expiration of the grace period shall bear interest from the due date,

BE IT FURTHER RESOLVED, that the rate of interest to be charged upon tax liens is hereby set at 18% per annum, and a copy of this resolution is to be filed with the Tax Collector - Treasurer and the Tax Assessor of the Town of Kearny.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 15, 2014 and was complete.

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

TOWN OF KEARNY

GENERAL COMMENTS, (continued)

The following comparison is made of the number of tax title liens receivable on the last three periods of audit:

<u>Year</u>	<u>Number of Liens</u>
2014	21
2013	18
2012	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 December 31, 2014, 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:

- 1.* Intra-funds between the Escrow, Other Trust and Affordable Housing Trust Funds have not been liquidated.
2. There is a current year deficit in the water utility operating fund of \$72,570.
3. The governing body did not adopt a resolution establishing interest rates to be charged on delinquent taxes.
4. FEMA reimbursements relating to Hurricane Sandy have not been submitted.

Departments:

Municipal Clerk

- 1.* Minutes of Mayor and Council meetings are not being signed by the Town Clerk.
- 2.* Minutes of Mayor and Council meetings are not being approved by the Mayor and Council.
- 3.* A review of various professional service contracts and award procedures revealed that the Borough did not properly utilize the "fair and open" process as set forth in the state's "Pay to Play" statute (P.L. 2005, c.51).

Building Department

- 1.* Monthly revenue reports generated by the building department do not agree to actual cash collections due to receipts being collected at the time of application and permits being entered at time of issuance.

Municipal Court

- 1.* The analysis of open bail per the ATS/ACS reports is not in agreement with the reconciled cash balance at year end.

TOWN OF KEARNY

RECOMMENDATIONS

Finance:

- 1.* The various intra-funds between the Escrow, Other Trust and Affordable Housing Trust Funds be investigated and either liquidated, raised and/or cancelled via resolution.
2. Town officials take the necessary steps to ensure the water utility operating fund is self-liquidating and to fund the current year's operating deficit.
3. That an interest resolution of the governing body be adopted annually in accordance with Chapter 435, laws of 1980.
4. That all FEMA reimbursements relating to Hurricane Sandy be submitted.

Departments:

Municipal Clerk

- 1.* That official minutes of the Mayor and Council meetings be signed by the Town Clerk.
- 2.* That official minutes of the Mayor and Council meetings be reviewed and approved at subsequent meetings.
- 3.* Town officials develop and implement policies and procedures concerning the award of professional service contracts to ensure compliance with N.J.S.A. 19:4A-20.4.

Building Department

- 1.* That cash be collected at the time permits are entered into the system.

Municipal Court

- 1.* Court officials reconcile the Bail on Account per ATS/ACS to the reconciled cash balance at month end to ensure balances are in agreement.

TOWN OF KEARNY

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

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

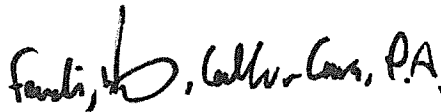
The problems and weaknesses noted in our audit were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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

Respectfully submitted,



Steven D. Wielkotz
Registered Municipal Accountant
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

July 29, 2015