

TOWN OF KEARNY

**Financial Statements With
Supplementary Information**

December 31, 2010

(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	3
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	5
A-2	Statement of Revenues - Regulatory Basis	6
A-3	Statement of Expenditures - Regulatory Basis	9
 <u>TRUST FUNDS</u>		
B	Comparative Balance Sheet - Regulatory Basis	18
B-1	Schedule of Fund Balance - Regulatory Basis	20
 <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	54

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	57
A-5	Schedule of Cash - Change Fund	58
A-6	Schedule of Cash - Petty Cash	58
A-7	Schedule of Amount Due from/(to) State of New Jersey for Senior Citizens' and Veterans' Deductions - Ch. 129 P.L. 1976	59
A-8	Schedule of Taxes Receivable and Analysis of Property Tax Levy	60
A-9	Schedule of Tax Title Liens Receivable	61
A-10	Schedule of Property Acquired for Taxes	61
A-11	Schedule of Revenue Accounts Receivable	62
A-12	Schedule of Grants Receivable	63
A-13	Schedule of Appropriation Reserves	65
A-14	Schedule of Reserve for Retroactive Pay	67
A-15	Schedule of Reserve for Library Expenditures	67
A-16	Schedule of Tax Overpayments	68
A-17	Schedule of Reserve for Tax Appeals	68
A-18	Schedule of Interfunds Due from/(to) Various Funds	69
A-19	Schedule of County Taxes Payable	70
A-20	Schedule of Local District School Taxes Payable	70
A-21	Schedule of Prepaid Taxes	71
A-22	Schedule of Due to State - DCA Fees	72
A-23	Schedule of Interfunds Due from/(to) Various Funds	73
A-24	Schedule of Appropriated Reserves for Grants	74
A-25	Schedule of Due from State of New Jersey - Energy Receipts Tax	76
A-26	Schedule of Reserve for Due to Library	76
A-27	Schedule of Reserve for Pension Deferral	77
A-28	Schedule of Reserve for Encumbrances	78
<u>TRUST FUND</u>		
B-2	Schedule of Cash	79
B-3	Schedule of Assessments Receivable - Unpledged	80
B-4	Schedule of Assessments Liens Receivable - Unpledged	80
B-5	Schedule of Due to State of New Jersey	81
B-6	Schedule of Other Accounts Receivable	82
B-7	Schedule of Community Development Receivables	83
B-8	Schedule of Reserve for Animal Trust Fund Expenditures	84
B-9	Schedule of Reserves	85
B-10	Schedule of Reserve for Community Development Block Grants	86
B-11	Schedule of Reserve for Self-Insurance Trust Fund Expenditures	87
B-12	Schedule of Reserve for Assessments and Liens	88
B-13	Schedule of Interfunds Due from/(to) Various Funds - Other Trust Funds	89

TOWN OF KEARNY

TABLE OF CONTENTS (continued)

<u>Exhibit</u>		<u>Page</u>
B-14	Schedule of Intrafunds Due from/to Various Trust Funds- Other Trust Fund	90
B-15	Schedule of Interfunds Due from/(to) Various Funds - Self-Insurance Trust Fund	91
 <u>GENERAL CAPITAL FUND</u>		
C-2	Schedule of Cash	92
C-3	Analysis of Cash	93
C-4	Schedule of Grants Receivable	94
C-5	Schedule of Loans Receivable	95
C-6	Schedule of Deferred Charges to Future Taxation - Funded	96
C-7	Schedule of Deferred Charges to Future Taxation - Unfunded	97
C-8	Schedule of Interfund Due from/(to) Various Funds	98
C-9	Schedule of General Serial Bonds Payable	99
C-10	Schedule of New Jersey Wastewater Loan Payable	101
C-11	Schedule of Green Acres Trust Loans Payable	104
C-12	Schedule of Reserve for Receivables	107
C-13	Schedule of Improvement Authorizations	108
C-14	Schedule of Reserves	109
C-15	Schedule of Capital Improvement Fund	110
C-16	Schedule of Bond Anticipation Notes Payable	111
C-17	Schedule of Bonds and Notes Authorized But Not Issued	112
 <u>WATER UTILITY FUND</u>		
D-5	Schedule of Cash - Treasurer	113
D-6	Analysis of Cash	114
D-7	Due from East Orange Water Commission	115
D-8	Schedule of Consumers' Accounts Receivable - Operating Fund	116
D-9	Schedule of 2009 Appropriation Reserves	117
D-10	Schedule of Loans Receivable	118
D-11	Schedule of Interfunds Due from/(to) Various Funds - Water Utility Operating Fund	119
D-12	Schedule of Fixed Capital	120
D-13	Schedule of Fixed Capital Authorized and Uncompleted	121
D-14	Schedule of Accrued Interest on Bonds and Notes	122
D-15	Schedule of Improvement Authorizations	123
D-16	Schedule of Capital Improvement Fund	124
D-17	Schedule of Reserve for Amortization	124
D-18	Schedule of Water Utility Serial Bonds	125
D-19	Schedule of New Jersey Wastewater Loan Payable	126
D-20	Schedule of Interfunds Due from/(to) Various Funds - Water Utility Capital Fund	128
D-21	Schedule of Bond Anticipation Notes Payable	129
D-22	Schedule of Bonds and Notes Authorized But Not Issued	130

TOWN OF KEARNY

TABLE OF CONTENTS
(continued)

<u>Exhibit</u>		<u>Page</u>
<u>PUBLIC ASSISTANCE TRUST FUND</u>		
E-1	Schedule of Cash	131
E-2	Schedule of Reserve for Public Assistance Expenditures	131
<u>PART II</u>		
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 132		
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 134		
Schedule of Expenditures of Federal Awards 136		
Schedule of Expenditures of State Financial Assistance 138		
Notes to the Schedules of Expenditures of Federal and State Awards 142		
Schedule of Findings and Questioned Costs 144		
General Comments 147		
Other Comments 150		
Recommendations 151		
Status of Prior Year Audit Findings/Recommendations 152		

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets-regulatory basis of the various funds and account group of the Town of Kearny in the County of Hudson, as of and for the years ended December 31, 2010 and 2009, and the related statements of operations and changes in fund balance-regulatory basis for the years then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2010. These financial statements are the responsibility of the Town of Kearny's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

Honorable Mayor and
Members of the Town Council
Page 2.

In our opinion, because of the Town of Kearny's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Town of Kearny, New Jersey as of December 31, 2010 and 2009 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Town of Kearny, New Jersey at December 31, 2010 and 2009, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 11, 2011 on our consideration of the Town of Kearny's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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



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



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

July 11, 2011

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

**Twelve Month Period Ended December 31, 2010 and
Six Month Period Ended December 31, 2009**

	<u>Ref.</u>	December 31, <u>2010</u>	December 31, <u>2009</u>
<u>Assets</u>			
Regular Fund:			
Current Assets:			
Cash - Operating Accounts	A-4	\$ 5,147,312	13,532,695
Cash - Change Fund	A-5	800	800
		<u>5,148,112</u>	<u>13,533,495</u>
Due from State of New Jersey per			
Ch. 129, P.L. 1976	A-7	4,431	101,500
Energy Receipts Tax	A-25	<u>6,341,498</u>	<u>6,177,561</u>
		<u>6,345,929</u>	<u>6,279,061</u>
		<u>11,494,041</u>	<u>19,812,556</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-8	1,782,982	1,454,714
Tax Title Liens	A-9	8,232,556	7,635,579
Property Acquired for Taxes -			
Assessed Valuation	A-10	1,593,100	1,593,100
Revenue Accounts Receivable	A-11	101,573	88,846
Interfunds Receivable:			
Federal and State Grant Fund	A-18		467,105
Water Utility Capital Fund	A-18	247,622	750,000
Other Trust Fund	A-18	<u>350</u>	<u>55</u>
		<u>11,958,183</u>	<u>11,989,399</u>
		<u>23,452,224</u>	<u>31,801,955</u>
Federal and State Grant Fund:			
Cash - Operating Accounts	A-4	1,343,695	1,097,327
Grants Receivable	A-12	<u>4,681,555</u>	<u>6,819,455</u>
		<u>6,025,250</u>	<u>7,916,782</u>
		<u>\$ 29,477,474</u>	<u>39,718,737</u>

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

**Twelve Month Period Ended December 31, 2010 and
Six Month Period Ended December 31, 2009**

	<u>Ref.</u>	December 31, <u>2010</u>	December 31, <u>2009</u>
Liabilities, Reserves and Fund Balance			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3/A-13	\$ 891,195	528,675
Unencumbered	A-3/A-13	1,147,702	3,266,988
Reserve for:			
Maintenance of Free Public Library w/ State Aid	A-15	80,011	116,707
Tax Appeals	A-17	1,500,000	1,500,000
Retroactive Pay	A-14	313,283	2,400,000
Tax Overpayments	A-16	102,805	96,739
Pension Deferral	A-27		2,662,255
Due to Library	A-26	187,406	187,406
Due to State of N.J.-DCA Fees	A-22	5,041	5,666
County Taxes Payable	A-19	15,449	
Prepaid Taxes	A-21	286,836	98,466
		4,529,728	10,862,902
Reserve for Receivables	Contra	11,958,183	11,989,399
Fund Balance	A-1	6,964,313	8,949,654
		23,452,224	31,801,955
Federal and State Grant Fund			
Interfunds Payable	A-23		467,105
Reserve for Grant Encumbrances	A-28	649,154	831,087
Reserve for Grant Expenditures	A-24	4,161,301	5,521,263
Reserve for UEZ		1,214,795	1,097,327
		6,025,250	7,916,782
	\$	29,477,474	39,718,737

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

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

Current Fund

Twelve Month Period Ended December 31, 2010 and
Six Month Period Ended December 31, 2009

	December 31, <u>2010</u>	December 31, <u>2009</u>
Revenues and Other Income:		
Fund Balance Utilized	6,792,348	
Miscellaneous Revenue Anticipated	29,421,362	29,442,630
Receipts from Delinquent Taxes	1,288,147	1,775,122
Receipts from Current Taxes	95,519,098	46,208,590
Non-Budget Revenue	607,353	166,334
Other Credits to Income:		
Grants Canceled	773,519	18,242
Prior Years Interfunds Returned	1,217,106	
Unexpended Balance of Appropriation Reserves	<u>2,754,903</u>	<u>154,816</u>
Total Revenues and Other Income	<u>138,373,836</u>	<u>77,765,734</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	30,620,500	17,194,000
Other Expenses	27,675,269	20,194,834
Capital Improvement Fund		151,348
Municipal Debt Service	7,573,833	1,614,287
Deferred Charges	766,576	
Statutory Expenditures	<u>4,032,613</u>	<u>3,530,255</u>
	<u>70,668,791</u>	<u>42,684,724</u>
Prior Year Revenue Refund	130,626	57,786
Grants Receivable Canceled	764,405	15,052
Interfund Advances	204,592	956,250
Adjustment to Senior/Veteran Deduction	101,500	
County Taxes	16,247,042	8,322,623
Local District School Tax	<u>45,449,873</u>	<u>22,185,554</u>
Total Expenditures	<u>133,566,829</u>	<u>74,221,989</u>
Statutory Excess to Fund Balance	4,807,007	3,543,745
Fund Balance, January 1,	<u>8,949,654</u>	<u>5,405,909</u>
	13,756,661	8,949,654
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>6,792,348</u>	
Fund Balance, December 31,	<u>6,964,313</u>	<u>8,949,654</u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Twelve Month Period Ended December 31, 2010

	<u>Budget</u>	<u>Realized</u>	Excess or (Deficit)
Fund Balance Anticipated	\$ 6,792,348	6,792,348	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	\$ 48,000	50,676	2,676
Other	60,000	84,256	24,256
Fees and Permits:	165,000	170,749	5,749
Fines and Costs:			
Municipal Court	1,100,000	1,144,217	44,217
Interest and Costs on Taxes	140,000	347,909	207,909
Parking Meters	243,000	243,946	946
Interest on Investments and Deposits	78,000	73,184	(4,816)
Hackensack Meadowlands Development Corporation	4,066,000	4,066,593	593
Hartz Mountain Lease Agreement	122,000	122,736	736
Consolidated Municipal Property Tax Relief Aid	474,111	469,014	(5,097)
Energy Receipts Tax	17,991,378	17,991,378	
Supplemental Energy Receipts Tax	848,652	848,652	
Uniform Construction Code Fees	275,000	521,447	246,447
State and Federal Revenues Offset w/ Appropriations:			
UEZ Administration	20,000	20,000	
Body Armor Grant	9,804	9,804	
Over the Limit Under Arrest	4,300	4,300	
Justice Assistance Grant	16,586	16,586	
Fire Technical Asst Grant	17,959	17,959	
UEZ Kearny Clean Project 2008	243,067	243,067	
Pedestrian Safety Grant	9,000	9,000	
Port Security Grant	56,250	56,250	
Public Health Priority Funding	24,052	24,052	
Clean Communities Program	46,584	46,584	
Municipal Alliance	42,197	42,197	
UEZ Marketing and Promotion	49,800	49,800	
Emergency Managmeent Assistance	10,000	10,000	
New Jersey Community Forestry	7,000	7,000	
Hazardous Discharge Site Remediation	4,755	4,755	
Jersey Fresh	1,482	1,482	
COPS Technology Grant	200,000	200,000	
Assistance to Firefighters	8,581	8,581	
Office on Aging	45,000	45,000	
NJ Transit Reforestation Grant	112,473	112,473	
Alcohol Education Rehabilitation	2,606	2,606	
Body Armor Grant	68,400	68,400	
UEZ Administration	402	402	
Hudson County Open Space - Brighton Ave Playground	3,406	3,406	
UEZ Administration	160,000	160,000	
Other Special Items:			
Uniform Fire Safety Act	60,000	106,017	46,017
Kearny Municipal Utilities Authority Sludge Removal	860,000	860,000	
Franchise Fees Cable TV	283,000	283,927	927

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Twelve Month Period Ended December 31, 2010

	<u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
New Jersey Meadowlands Commission-Host Community Fees	800,000	807,269	7,269
PILOT Payments	48,000	65,688	17,688
Total Miscellaneous Revenues	28,825,845	29,421,362	595,517
Receipts from Delinquent Taxes	1,450,000	1,288,147	(161,853)
Subtotal General Revenues	37,068,193	37,501,857	433,664
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	36,130,168	35,947,183	(182,985)
Budget Totals	73,198,361	73,449,040	250,679
Non-Budget Revenue		607,353	607,353
\$	<u>73,198,361</u>	<u>74,056,393</u>	<u>858,032</u>

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Twelve Month Period Ended December 31, 2010

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 95,519,098
Allocated to County of Hudson	\$ 16,247,042
Local School District	<u>45,449,873</u>
	<u>61,696,915</u>
Balance for Support of Municipal Budget Appropriations	33,822,183
Add : Appropriation - Reserve for Uncollected Taxes	<u>2,125,000</u>
Amount for Support of Municipal Budget Appropriations	\$ <u>35,947,183</u>
Receipts from Delinquent Taxes: 2010 Collections	<u>1,288,147</u>
	\$ <u>1,288,147</u>

Analysis of Non-budget RevenuesMiscellaneous Revenue Not Anticipated

Response Calls - NJTP	\$ 2,060
Refunds	1,007
DMV	3,049
Tax Sale Costs	780
Reimbursements	5,905
NSF Checks	480
Clean Earth	75,149
Dental	155,648
Recycling	157,206
PVSC Fees	44,020
Health	7,830
Unclaimed Bail	5,381
Sewer Rebate	1,171
Void Checks	60,281
Rentals	925
Police Private Duty	79,230
S/C Administration Fee	3,797
Miscellaneous	1,784
Civil Union Fees	<u>1,650</u>
	\$ <u>607,353</u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Twelve Month Period Ended December 31, 2010

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
General Government:					
Administration:	\$ 265,000	265,000	183,731		81,269
Salaries and Wages					
Other Expenses:	75,000	75,000	67,583		7,417
Misc. Other Expenses					
Mayor and Council	120,000	120,000	111,914		8,086
Salaries and Wages	4,000	4,000	2,205		1,795
Other Expenses					
Town Clerk	220,000	220,000	185,574		34,426
Salaries and Wages	30,000	30,000	25,755		4,245
Other Expenses					
Elections:	5,000	5,000	3,722		1,278
Salaries and Wages	30,000	30,000	27,800		2,200
Other Expenses					
Legal:	650,000	775,000	767,845		7,155
Other Expenses					
Prosecutor:	50,000	50,000	46,375		3,625
Other Expenses					
Auditor:	88,500	88,500	5,000		83,500
Other Expenses					
Engineering:	60,000	60,000	56,500		3,500
Other Expenses					
Public and Industrial Development:					
Other Expenses	5,000	5,000	360		4,640

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Twelve Month Period Ended December 31, 2010

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Insurance:					
Life Insurance for Employees	60,000	60,000	56,751	3,249	
Employee Hospitalization	9,110,400	9,110,400	9,110,399	1	
Other Insurance	55,000	55,000	40,149	14,851	
Municipal Court					
Salaries and Wages	470,000	470,000	456,007	13,993	
Other Expenses	45,000	45,000	29,597	15,403	
Public Defender:					
Salaries and Wages	30,000	30,000	27,810	2,190	
Financial Administration:					
Treasurer:					
Salaries and Wages	402,000	402,000	401,663	337	
Other Expenses	90,000	90,000	83,596	6,404	
Assessment of Taxes:					
Salaries and Wages	134,000	140,500	140,500		
Other Expenses	45,000	48,500	48,202	298	
Collection of Taxes:					
Salaries and Wages	196,000	196,000	188,503	7,497	
Other Expenses	25,000	25,000	19,034	5,966	
Public Safety:					
Police:					
Salaries and Wages	14,700,000	14,930,000	14,882,023	47,977	
Other Expenses	650,000	350,000	339,784	10,216	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Twelve Month Period Ended December 31, 2010

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Cancelled
Uniform Fire Safety Act: (P.L. 1983 Chap. 383) Fire:	9,600,000 175,000	9,450,000 175,000	9,421,568 172,945		28,432 2,055
Salaries and Wages					
Other Expenses					
Health and Welfare					
Board of Health					
Salaries and Wages	493,000	493,000	425,110		67,890
Other Expenses	65,000	65,000	57,983		7,017
Intercounty Council on Drugs	6,000	6,000	6,000		
Board of Health-Contractual agreement	77,000	77,000	75,271		1,729
Meals on Wheels Program					
Other Expenses	35,000	35,000	33,716		1,284
Animal License					
Other Expenses	50,000	75,000	75,000		
Shelter Workshop for Handicapped					
Other Expenses	22,000	22,000	22,000		
Department of Public Works					
Streets and Roads:					
Salaries and Wages	1,750,000	1,753,500	1,753,019		481
Other Expenses	350,000	335,000	296,278		38,722
Shade Tree:					
Salaries and Wages	500,000	500,000	438,579		61,421
Other Expenses	160,000	160,000	157,086		2,914

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Twelve Month Period Ended December 31, 2010

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Public Buildings and Grounds:					
Salaries and Wages	250,000	250,000	218,325		31,675
Other Expenses	275,000	290,000	283,262		6,738
Vehicle Maintenance:					
Salaries and Wages	200,000	200,000	196,853		3,147
Other Expenses	160,000	160,000	148,447		11,553
Recreation and Parks:					
Recreation:	245,000	245,000	236,812		8,188
Unified Recreation Committee	75,000	75,000	60,265		14,735
Other Expenses					
Parks and Playgrounds:					
Other Expenses:	40,000	40,000	40,000		
Celebration of Public Events:					
Other Expenses:	35,000	35,000	16,605		18,395
Senior Citizen Center					
Salaries and Wages	210,000	210,000	175,858		34,142
Other Expenses	15,000	15,000	11,147		3,853
Construction Code Enforcement					
Salaries and Wages	657,000	657,000	647,587		9,413
Other Expenses	55,000	55,000	52,070		2,930
Zoning Commission					
Salaries and Wages	3,000	3,000	3,000		
Other Expenses	27,500	27,500	19,179		8,321

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Twelve Month Period Ended December 31, 2010

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Board of Appeals					
Salaries and Wages	1,000	1,000			1,000
Other Expenses	2,500	2,500			2,500
Planning Board					
Salaries and Wages	3,000	3,000			3,000
Other Expenses	27,500	27,500			24,145
Parking Lot Lease Payment	50,000	50,000			46,268
Management Information					
Salaries and Wages	70,000	76,500			76,292
Other Expenses	75,000	75,000			67,061
Unclassified:					
Electricity and Gas	500,000	500,000			400,413
Street Lighting	700,000	700,000			657,293
Communications	300,000	300,000			252,561
Block Parents Program					
Gasoline	350,000	350,000			349,447
Postage	55,000	55,000			49,083
Salary and Wage Adjustment					
North Hudson Community Action Council	10,000	10,000			10,000
Rental of Pumps	25,000	25,000			25,000
Landfill and Solid Waste Disposal Costs					
Garbage and Trash Removal:					
Contractual	1,150,000	1,150,000			1,150,000
Baler Fees	1,750,000	1,750,000			1,651,224
Total Operations within "CAPS"	48,214,400	48,164,400			47,089,135
					98,776
					1,075,265

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Twelve Month Period Ended December 31, 2010

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Cancelled
B. Contingent	2,000	2,000		2,000	
Total Operations Including Contingent-within "CAPS"	48,216,400	48,166,400	47,089,135	1,077,265	
Detail:					
Salaries & Wages	30,524,000	30,620,500	30,177,450	443,050	
Other Expenses (including Contingent)	17,692,400	17,545,900	16,911,685	634,215	
(E) Deferred Charges and Statutory Expenditures-					
Municipal within "CAPS"					
Deferred Charges	971,168	971,168	766,576	204,592	
Anticipated Deficit in Water Utility Budget					
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	316,831	316,831	266,831	50,000	
Social Security System (O.A.S.I.)	900,000	900,000	864,066	35,934	
Consolidated Police and Firemen's Pension	240,462	240,462	202,179	38,283	
Police and Firemen's Retirement System	2,438,603	2,438,603	2,438,603		
Unemployment Insurance	175,000	225,000	217,357	7,643	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	5,042,064	5,092,064	4,755,612	43,577	292,875
Total General Appropriations for Municipal Purposes within "CAPS"	53,258,464	53,258,464	51,844,747	1,120,842	292,875

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Twelve Month Period Ended December 31, 2010

	<u>Budget</u>	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Cancelled
Passaic Valley Sewer Commission:					
Share of Costs	1,292,648	1,292,648	1,265,788		26,860
Maintenance of Free Public Library (Ch. 82 & 541, P.L. 1985)					
Contribution		4,066,000	4,057,392		
Town Share of Operating Expenses	4,066,000	4,066,000	342,860	342,860	
Employee Hospitalization	342,860		2,731,903	2,731,903	
Police and Fireman's Retirement System	2,731,903		369,122	369,122	
Public Employees Retirement System	369,122				
	<hr/> <u>8,802,533</u>	<hr/> <u>8,802,533</u>	<hr/> <u>8,767,065</u>	<hr/> <u>26,860</u>	<hr/> <u>8,608</u>
Total Other Operations - Excluded from "CAPS"					
Public and Private Programs Offset by Revenues					
Alcohol Education Rehabilitation	402	402			402
Body Armor Fund	9,804	9,804			9,804
Body Armor Fund	3,406	3,406			3,406
Clean Communities	46,584	46,584			46,584
Emergency Management	10,000	10,000			10,000
Jersey Fresh	1,482	1,482			1,482
Justice Assistance Grant	16,586	16,586			16,586
2009 Area Agency on Aging	45,000	45,000			45,000
Fire Prevention Grant	2,606	2,606			2,606
Fire Prevention Grant-Match	289	289			289
Public Health Priority Funding	24,052	24,052			24,052

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Twelve Month Period Ended December 31, 2010

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance <u>Canceled</u>
Public and Private Programs Offset by Revenues (Cont...)					
Urban Enterprise Zone - Administration	160,000	160,000			160,000
Over the Limit Under Arrest	4,300	4,300			4,300
Hazardous Discharge Site Remediation	4,755	4,755			4,755
COPS Technology Grant	200,000	200,000			200,000
Assistance to Firefighters	8,581	8,581			8,581
Assistance to Firefighters-Match	953	953			953
Pedestrian Safety Grant	9,000	9,000			9,000
Fire Technical Asst. Grant	17,959	17,959			17,959
Port Security Grant	56,250	56,250			56,250
Port Security Grant-Match	18,750	18,750			18,750
NJ Transit Reforestation Grant	68,400	68,400			68,400
NJ Community Forestry Program	7,000	7,000			7,000
Municipal Alcohol Education/Rehabilitation	42,197	42,197			42,197
UEZ Marketing and Promotion	49,800	49,800			49,800
UEZ Administrative Budget FY-10	20,000	20,000			20,000
UEZ Clean Project	243,067	243,067			243,067
UEZ Clean Project-Match	28,629	28,629			28,629
UEZ Public Safety Project	112,473	112,473			112,473
UEZ Public Safety Project-Match	28,119	28,119			28,119
UEZ Fire Engine Custom Pumper Match	95,000	95,000			95,000
Total Public and Private Programs Offset by Revenues	1,335,444	1,335,444			1,335,444
Total Operations-Excluded from "CAPS"	10,137,977	10,137,977			10,102,509
Detail:					
Other Expenses	10,137,977	10,137,977			26,860
					8,608
					8,608

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Twelve Month Period Ended December 31, 2010

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Municipal Debt Service - Excluded from "CAPS"					
Green Trust Loan Program	59,759	59,759			59,759
Loan Repayments for Principal and Interest					
N.J. Wastewater Treatment Trust	726,756	726,756			723,470
Loan Repayments for Principal and Interest	4,815,000	4,815,000			4,815,000
Payment of Bond Principal	2,075,405	2,075,405			1,975,604
Interest on Bonds					
Total Municipal Debt Service-Excluded from "CAPS"	<u>7,676,920</u>	<u>7,676,920</u>	<u>7,573,833</u>		<u>103,087</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>17,814,897</u>	<u>17,814,897</u>	<u>17,676,342</u>	<u>26,860</u>	<u>111,695</u>
Subtotal General Appropriations	71,073,361	71,073,361	69,521,089	1,147,702	404,570
Reserve for Uncollected Taxes	<u>2,125,000</u>	<u>2,125,000</u>	<u>2,125,000</u>		
Total General Appropriations	<u>\$ 73,198,361</u>	<u>73,198,361</u>	<u>71,646,089</u>	<u>1,147,702</u>	<u>404,570</u>
Appropriation by 40A:4-87 Budget	<u>61,063</u>				
	<u>73,137,298</u>				
	<u>73,198,361</u>				
Reserve for Uncollected Taxes				2,125,000	
Grants				1,335,444	
Encumbrances				891,195	
Cash				<u>67,294,450</u>	
					<u>71,646,089</u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

**Twelve Month Period Ended December 31, 2010 and
Six Month Period Ended December 31, 2009**

	Ref.	December 31, <u>2010</u>	December 31, <u>2009</u>
<u>Assets</u>			
Assessment Trust Fund:			
Assessment Receivable - Unpledged	B-3	\$ 1,136	1,136
Assessment Liens Receivable - Unpledged	B-4	<u>292</u>	<u>292</u>
		<u>1,428</u>	<u>1,428</u>
Animal Trust Fund:			
Cash	B-2	<u>2,258</u>	<u>2,886</u>
		<u>2,258</u>	<u>2,886</u>
Other Trust Funds:			
Cash	B-2	3,724,545	3,920,516
Community Development Receivables	B-7	489,193	824,428
Other Accounts Receivable	B-6	47,443	47,443
Intrafund Accounts Receivable			
Due from Escrow Trust Fund	B-14	<u>216,871</u>	<u>216,871</u>
		<u>4,478,052</u>	<u>5,009,258</u>
Self-Insurance Trust Fund:			
Cash	B-2	<u>699,836</u>	<u>2,032,585</u>
		<u>699,836</u>	<u>2,032,585</u>
		<u>\$ 5,181,574</u>	<u>7,046,157</u>

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

**Twelve Month Period Ended December 31, 2010 and
Six Month Period Ended December 31, 2009**

	<u>Ref.</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Assessment Trust Fund:			
Reserve for Assessments and Liens	B-12	\$ 1,334	1,334
Fund Balance	B-1	94	94
		<u>1,428</u>	<u>1,428</u>
Animal Trust Fund:			
Reserve for Animal Control Expenditures	B-8	<u>2,258</u>	<u>2,886</u>
		<u>2,258</u>	<u>2,886</u>
Other Trust Fund:			
Reserves for:			
Other Expenditures	B-9	3,771,638	3,986,334
Community Development Grant	B-10	489,193	805,998
Interfunds Accounts Payable:			
Due to Current Fund	B-13	350	55
Intrafund Accounts Payable:			
Due to Affordable Housing Trust Fund	B-14	98,357	98,357
Due to Other Trust Fund	B-14	<u>118,514</u>	<u>118,514</u>
		<u>4,478,052</u>	<u>5,009,258</u>
Self-Insurance Trust Fund:			
Reserve for Self-Insurance	B-11	<u>699,836</u>	<u>2,032,585</u>
		<u>699,836</u>	<u>2,032,585</u>
		<u>\$ 5,181,574</u>	<u>7,046,157</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Schedule of Fund Balance-Regulatory Basis

Assessment Trust Fund

Twelve Month Period Ended December 31, 2010

Balance - December 31, 2009	\$ <u> 94</u>
-----------------------------	------------------------------

Balance - December 31, 2010	\$ <u> 94</u>
-----------------------------	------------------------------

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

**Twelve Month Period Ended December 31, 2010 and
Six Month Period Ended December 31, 2009**

	<u>Ref.</u>	December 31, <u>2010</u>	December 31, <u>2009</u>
<u>Assets</u>			
Cash - Checking Accounts	C-2/C-3	\$ 458,148	237,604
Accounts Receivable:			
Department of Transportation Grants	C-4	459,052	544,439
Green Acres Grants	C-4	1,509,500	935,000
Hudson County Open Space Grants	C-4	110,000	110,000
Loans Receivable:			
Environmental Infrastructure Loans	C-5	858,918	858,918
Deferred Charges to Future Taxation:			
Funded	C-6	52,373,728	57,826,575
Unfunded	C-7	7,088,977	5,947,477
		<u>\$ 62,858,323</u>	<u>66,460,013</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-9	\$ 42,829,000	47,644,000
Bond Anticipation Notes Payable	C-16	3,425,000	
New Jersey Wastewater Loan Payable	C-10	8,814,862	9,405,588
Green Acres Trust Loan Payable	C-11	729,866	776,987
Improvement Authorizations:			
Funded	C-13	422,827	1,208,564
Unfunded	C-13	2,969,468	3,728,752
Capital Improvement Fund	C-15	230,947	280,947
Reserve for Receivables	C-12	310,000	310,000
Schedule of Reserves	C-14	2,179,928	2,166,354
Fund Balance	C-1	<u>946,425</u>	<u>938,821</u>
		<u>\$ 62,858,323</u>	<u>66,460,013</u>

There were \$3,663,977 and \$5,947,477 of Bonds and Notes Authorized but Not Issued on December 31, 2010 and December 31, 2009 respectively (Exhibit C-17).

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Twelve Month Period Ended December 31, 2010

Balance, December 31, 2009	\$ 938,821
Increased by:	
Bond Anticipation Note Premium	<u>7,604</u>
Balance, December 31, 2010	\$ <u>946,425</u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

Twelve Month Period Ended December 31, 2010 and
 Six Month Period Ended December 31, 2009

	<u>Ref.</u>	December 31, <u>2010</u>	December 31, <u>2009</u>
<u>Assets</u>			
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 335,309	74,270
Due From East Orange Water Commission	D-7	88,152	176,306
Deficit in Operations	D-1	<u>43,030</u>	<u>159,809</u>
		<u>466,491</u>	<u>410,385</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-8	<u>1,286,628</u>	<u>724,606</u>
		<u>1,286,628</u>	<u>724,606</u>
Total Water Utility Operating Fund		<u>1,753,119</u>	<u>1,134,991</u>
Capital Fund:			
Cash - Treasurer	D-5,D-6	1,023,435	33,433
Loans Receivable			
Environmental Infrastructure Loans	D-10	1,475,375	
Fixed Capital	D-12	22,146,385	22,146,385
Fixed Capital Authorized and Uncompleted	D-13	<u>7,000,000</u>	<u>4,300,000</u>
Total Capital Fund		<u>31,645,195</u>	<u>26,479,818</u>
		<u>\$ 33,398,314</u>	<u>27,614,809</u>

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

**Twelve Month Period Ended December 31, 2010 and
Six Month Period Ended December 31, 2009**

	<u>Ref.</u>	December 31, <u>2010</u>	December 31, <u>2009</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-9	20,739	96,261
Reserve for Encumbrances	D-4	42,716	38,525
Interfund Accounts Payable:			
Due to Current Fund	D-11	247,622	
Accrued Interest on Bonds and Notes	D-14	12,883	133,068
		323,960	267,854
Reserve for Receivables	Contra	1,286,628	724,606
Reserve for Municipal Liens	Contra		
Fund Balance	D-1	142,531	142,531
		<u>1,753,119</u>	<u>1,134,991</u>
Total Water Utility Operating Fund			
Capital Fund:			
Interfund Accounts Payable:			
Due to Current Fund	D-20		750,000
Bond Anticipation Notes Payable	D-21	4,300,000	
Serial Bonds Payable	D-18	7,073,000	7,293,000
NJ Environmental Infrastructure Loan Payable	D-19	1,437,735	
Improvement authorization:			
Funded	D-15	1,544,083	174,687
Unfunded	D-15	2,103,308	3,342,249
Capital Improvement Fund	D-16	57,750	57,750
Reserve for:			
Amortization	D-17	15,111,025	14,853,385
Fund Balance	D-2	18,294	8,747
		<u>31,645,195</u>	<u>26,479,818</u>
Total Capital Fund			
		<u>\$ 33,398,314</u>	<u>27,614,809</u>

There were \$1,224,625 and \$4,300,000 of Bonds and Notes Authorized But Not Issued on December 31, 2010 and December 31, 2009 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

Twelve Month Period Ended December 31, 2010 and
Six Month Period Ended December 31, 2009

	December 31, <u>2010</u>	December 31, <u>2009</u>
Revenue and other income:		
Operating Surplus Anticipated	\$ 288,154	
Water rents	4,559,557	2,263,533
Water bulk - Cedar Grove	495,013	186,659
Deficit (General Budget)	766,576	
Miscellaneous Revenue	900	8,163
Unexpended balance appropriation reserve	<u>39,122</u>	<u>3,584</u>
Total revenue and other income	<u>5,861,168</u>	<u>2,750,093</u>
Expenditures:		
Operating	5,160,400	2,555,500
Debt service	402,805	226,000
Deferred charges and statutory expenditures	138,154	112,654
Deficit in Operations in Prior Years	159,809	
Interfund Advanced	43,030	
Refunds	<u>15,748</u>	<u>15,748</u>
Total expenditures	<u>5,904,198</u>	<u>2,909,902</u>
Operating Deficit to be Raised in Budget of Succeeding Year	(43,030)	(159,809)
Statutory Excess to Fund Balance		
Fund balance, January 1	<u>142,531</u>	<u>430,685</u>
Decreased by utilization by water operating budget	<u>142,531</u>	<u>430,685</u>
Balance, December 31	<u>\$ 142,531</u>	<u>142,531</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Schedule of Fund Balance - Regulatory Basis

Water Utility Capital Fund

Twelve Month Period Ended December 31, 2010

Balance, December 31, 2009	\$ 8,747
Increased by:	
Premium on Bond Anticipation Notes	<u>9,547</u>
Balance, December 31, 2010	<u>\$ 18,294</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Twelve Month Period Ended December 31, 2010

	<u>Anticipated</u>	<u>Realized</u>	Excess <u>(deficit)</u>
Rents	\$ 4,495,000	4,559,557	64,557
Water Bulk Sales - Cedar Grove	495,000	495,013	13
Miscellaneous		900	900
Deficit (General Budget)	<u>971,168</u>	<u>766,576</u>	<u>(204,592)</u>
	<u>\$ 5,961,168</u>	<u>5,822,046</u>	<u>(139,122)</u>

Analysis of Realized Revenue

Surplus Anticipated	\$	
Rents		4,559,557
Water Bulk Sales - Cedar Grove		495,013
Miscellaneous		<u>900</u>
		<u>5,055,470</u>

Analysis of Miscellaneous Revenue Not Anticipated

Stand Pipe Permit	600
Recycling Scrap Metal	<u>300</u>
	<u>\$ 900</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Twelve Month Period Ended December 31, 2010

	<u>Appropriations</u>				
	Budget	after modifi- cation	Paid or charged	Reserved	Canceled
	<u>Budget</u>	<u>after modifi- cation</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Canceled</u>
Operating:					
Salaries and Wages	\$ 600,000	600,500	600,379	121	
Other Expenses	800,000	799,500	683,870	15,630	100,000
North Jersey Water District Supply	<u>3,860,400</u>	<u>3,860,400</u>	<u>3,860,395</u>	<u>5</u>	
Total Operating	<u>5,260,400</u>	<u>5,260,400</u>	<u>5,144,644</u>	<u>15,756</u>	<u>100,000</u>
Debt Service:					
General Serial Bonds:					
Payment of Principal	220,000	220,000	220,000		
Interest on Bonds	<u>182,805</u>	<u>182,805</u>	<u>182,805</u>		
	<u>402,805</u>	<u>402,805</u>	<u>402,805</u>		
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures - Contribution to:					
Receivable-East Orange	88,154	88,154	88,154		
Social Security	<u>50,000</u>	<u>50,000</u>	<u>45,017</u>	<u>4,983</u>	
Total Deferred Charges and Statutory Expenditures	<u>138,154</u>	<u>138,154</u>	<u>133,171</u>	<u>4,983</u>	
Deficit in Operations in Prior Years	<u>159,809</u>	<u>159,809</u>	<u>159,809</u>		
	<u>\$ 5,961,168</u>	<u>5,961,168</u>	<u>5,840,429</u>	<u>20,739</u>	<u>100,000</u>
	Cash Disbursed	\$ 5,366,945			
	Accrued Interest on Bonds and Notes	182,805			
	Encumbrances	42,716			
	Deficit in Operations in Prior Years	159,809			
	Due From East Orange	<u>88,154</u>			
		<u>\$ 5,840,429</u>			

See accompanying notes to financial statements.

Exhibit E

TOWN OF KEARNY, N.J.

Comparative Balance Sheets-Regulatory Basis

Public Assistance Trust Fund

**Twelve Month Period Ended December 31, 2010 and
Six Month Period Ended December 31, 2009**

<u>Ref.</u>	December 31, <u>2010</u>	December 31, <u>2009</u>
-------------	-----------------------------	-----------------------------

Assets

Goodwill Account

Cash	E-1	\$ <u>27,650</u>	<u>27,880</u>
		<u>\$ 27,650</u>	<u>27,880</u>

Liabilities

Goodwill Account

Reserve for Public Assistance Expenditures	E-2	\$ <u>27,650</u>	<u>27,880</u>
		<u>\$ 27,650</u>	<u>27,880</u>

See accompanying notes to the financial statements.

Exhibit F

TOWN OF KEARNY, N.J.

Comparative Balance Sheets-Regulatory Basis

Payroll Account

**Twelve Month Period Ended December 31, 2010 and
Six Month Period Ended December 31, 2009**

	<u>December 31,</u>	<u>December 31,</u>
	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash	\$ 482,365	<u>290,879</u>
	<u>\$ 482,365</u>	<u>290,879</u>
<u>Liabilities</u>		
Withholdings Payable	\$ 479,587	289,207
Reserve for Payroll	<u>2,778</u>	<u>1,672</u>
	<u>\$ 482,365</u>	<u>290,879</u>

See accompanying notes to the financial statements.

Exhibit G

TOWN OF KEARNY, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

**Twelve Month Period Ended December 31, 2010 and
Six Month Period Ended December 31, 2009**

	<u>December 31, 2010</u>	<u>Restated December 31, 2009</u>
General Fixed Assets:		
Land	\$ 55,925,900	55,925,900
Buildings	7,906,400	7,906,400
Machinery and equipment	<u>11,745,985</u>	<u>11,638,754</u>
	<u>75,578,285</u>	<u>75,471,054</u>
Investment in General Fixed Assets	<u>\$ 75,578,285</u>	<u>75,471,054</u>

See accompanying notes to financial statements.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009

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, 2010 and 2009
(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.

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

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

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

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(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 April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Town. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

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

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

Basis of Accounting, (continued)

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

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

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

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

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(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 year ended December 31, 2010, the governing body approved the insertion of \$61,063 in grant monies and donations into the budget in accordance with N.J.S.A. 40A:4-87. They also approved several budget transfers.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at 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.

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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

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

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

Basis of Accounting, (continued)

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

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

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

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

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

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(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 depreciation has been provided for in the financial statements.

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

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

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

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

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

C. Basic Financial Statements

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(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, 2010, \$-0- of the Town's bank balance of \$14,992,835 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, 2010 and 2009
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2010 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	\$47,644,000	\$	\$4,815,000	\$42,829,000	\$5,020,000
Water Utility Obligation Debt	<u>7,293,000</u>	_____	<u>220,000</u>	<u>7,073,000</u>	<u>280,000</u>
Total Bonds Payable	<u>54,937,000</u>	_____	<u>5,035,000</u>	<u>49,902,000</u>	<u>5,300,000</u>
Other Liabilities:					
New Jersey Wastewater Loans - Current	9,405,588		590,726	8,814,862	609,085
New Jersey Wastewater Loans - Water		1,475,375	37,640	1,437,735	71,460
Green Acres Trust Loans	<u>776,987</u>		<u>47,121</u>	<u>729,866</u>	<u>47,926</u>
Compensated Absences Payable	<u>6,194,707</u>	<u>1,012,849</u>	<u>359,291</u>	<u>6,848,265</u>	
Total Other Liabilities	<u>16,377,282</u>	<u>2,488,224</u>	<u>1,034,778</u>	<u>17,830,728</u>	<u>728,471</u>
	<u>\$71,314,282</u>	<u>\$2,488,224</u>	<u>\$6,069,778</u>	<u>\$67,732,728</u>	<u>\$6,028,471</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, 2010</u>	<u>Six Month Period Ended December 31, 2009</u>	<u>Year Ended June 30, 2009</u>
Issued:			
General Bonds, Notes and Loans	\$55,798,728	\$57,826,575	\$58,334,645
Municipal Utility Authority*			17,733,671
Water Utility Bonds, Notes and Loans	<u>12,810,735</u>	<u>7,293,000</u>	<u>7,363,000</u>
Net Debt Issued	<u>68,609,463</u>	<u>65,119,575</u>	<u>83,431,316</u>
Authorized But Not Issued:			
General Bonds and Notes	3,663,977	5,947,477	5,512,477
Water Utility Bonds and Notes	<u>1,224,625</u>	<u>4,300,000</u>	<u>4,300,000</u>
Total Authorized But Not Issued	<u>4,888,602</u>	<u>10,247,477</u>	<u>9,812,477</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$73,498,065</u>	<u>\$75,367,052</u>	<u>\$93,243,793</u>

* Guaranteed by the Town of Kearny

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(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 0.92%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$14,290,000	\$14,290,000	\$0
General Debt	59,462,705	23,729,928	35,732,777
Utility Debt	<u>14,035,360</u>	<u>14,035,360</u>	<u>0</u>
	<u>\$87,788,065</u>	<u>\$52,055,288</u>	<u>\$35,732,777</u>

Net Debt \$35,732,777 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$3,855,128,715 equals 0.92%.

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

3 ½% of equalized valuation basis (municipal)	\$134,929,505
Net Debt	<u>35,732,777</u>
Remaining borrowing power	<u>\$99,196,728</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	\$5,822,046
Deductions:	
Operating and Maintenance Cost	\$5,210,400
Debt Service per Water Utility	<u>402,805</u>
Total Deductions	<u>5,613,205</u>
Excess in Revenue	<u>\$208,841</u>

The Water Utility is Self-Liquidating

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(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, 2010:

	Amount <u>Outstanding</u>
<u>General Obligation Bonds - Paid by Current Fund</u>	
\$13,844,000 General Serial Bonds - with an interest rate from 3.75% to 4.15% issued January 15, 2003 through January 15, 2016	\$11,034,000
\$14,140,000 Refunding Bonds - with an interest rate from 2.00% to 4.25% issued January 15, 2003 through January 15, 2016	3,430,000
\$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	6,815,000
\$7,480,000 Refunding Bonds - with an interest rate from 4.5% to 5.00% issued February 1, 2007, due through February 1, 2016	6,415,000
\$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	4,890,000
\$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	<u>10,245,000</u>
	<u>\$42,829,000</u>

Green Acres Loan - Paid by Current Fund

The Town has three outstanding loan agreements with New Jersey Green Acres Bond Act of 1983 for the F.J. Vincent Marina Project, the Riverbank Park Project, and the Harvey Field Project. The 1992 for the Marina Project award is at a rate of 2.0% in the amount of \$73,725.00 with semi-annual loan payments of various amounts made on August 7 and February 7 through February 7, 2012

\$6,743

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

155,695

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

183,129

The 2009 Gunnell 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

256,278

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

128,021

\$729,866

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(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 outstanding three loan agreements with the New Jersey Environmental Infrastructure Trust for financing relating to improvement to the Wastewater Treatment Plants.

	<u>Amount Outstanding</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	\$820,000
\$1,025,000 Trust Bonds Series 1998A - Fund Share - at a zero rate of interest issued November 1, 1998, due through August 1, 2018	643,881
\$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	835,000
\$1,507,371 Trust Bonds Series 2004A - Fund Share - at a zero rate of interest issued November 4, 2004, due through August 1, 2024	2,189,405
\$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	1,165,000
\$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>3,161,576</u>
	<u><u>\$8,814,862</u></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, 2009 are as follows:

\$735,000 Water Utility Bonds - with an interest rate of 5.10% issued November 15, 1997, due through August 1, 2016	\$245,000
\$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	813,000
\$300,000 Water Utility Bonds - with an interest rate of 3.75% to 4.15% issued January 15, 2003, due through January 15, 2016	150,000
\$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	<u>5,865,000</u>
	<u><u>\$7,073,000</u></u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Water and Sewer Utility Serial Bonds

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

\$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	\$365,000
\$1,110,375 Trust Bonds Series 2010A - Fund Share - at a zero rate of interest issued March 10, 2010, due through August 1, 2029	<u>1,072,735</u>
	<u>\$1,437,735</u>

The Town's principal and interest for bonded debt issued and outstanding as of December 31, 2010 is as follows:

Dec.31,	General Capital Debt		Utility Debt		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2011	\$5,020,000	\$1,776,971	\$280,000	\$303,780	\$7,380,751
2012	5,230,000	1,563,600	300,000	288,545	7,382,145
2013	5,460,000	1,334,125	320,000	272,610	7,386,735
2014	5,705,000	1,085,903	340,000	255,690	7,386,593
2015	5,990,000	818,793	350,000	237,948	7,396,741
2016-2020	13,394,000	1,644,912	1,998,000	920,316	17,957,228
2021-2025	2,030,000	42,400	2,475,000	451,500	4,998,900
2026-2027			1,010,000	40,600	1,050,600
	<u>\$42,829,000</u>	<u>\$8,266,704</u>	<u>\$7,073,000</u>	<u>\$2,770,989</u>	<u>\$60,939,693</u>

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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

On December 31, 2010, the Town had \$3,425,000 in outstanding General Capital bond anticipation notes. The Town also had \$4,300,000 in outstanding Water and Sewer Utility Capital bond anticipation notes.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes Payable:				
Jefferies & Company	\$ -0-	\$3,425,000	\$ -0-	\$3,425,000
Water and Sewer Utility Capital Notes Payable:				
Jefferies & Company	_____	4,300,000	_____	4,300,000
	<u>\$ -0-</u>	<u>\$7,725,000</u>	<u>\$ -0-</u>	<u>\$7,725,000</u>

NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges are shown on the balance sheets of the Town of Kearny:

	<u>Balance Dec. 31, 2010</u>	<u>Balance Succeeding Year budget</u>
Water Utility Operating Fund:		
Deficit in Operations	<u>\$43,030</u>	<u>\$43,030</u>
Total Deferred Charges	<u>\$43,030</u>	<u>\$43,030</u>

NOTE 6. PENSION PLANS

Description of Systems:

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th 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.

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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems, (continued)

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

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.

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 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.

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

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8 $\frac{1}{4}$ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 6. PENSION PLANS, (continued)

Contribution Requirements

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

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

	<u>PERS</u>	<u>PFRS</u>
Year Ended December 31, 2010	\$685,953	\$5,170,506
Six Month Period Ended		
December 31, 2009	-0-	-0-
Year Ended June 30, 2009	357,219	2,549,904

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 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 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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 6. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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.

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.

NOTE 7. ACCUMULATED VACATION AND SICK PAY

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

The estimated accumulated sick time liability as of December 31, 2010 was \$6,848,265.

NOTE 8. RETROACTIVE RESTATEMENT DUE TO UPDATED CAPITAL ASSET INVENTORY

During the year ended December 31, 2010, the Town authorized it's capital asset appraisal firm to research and conduct a physical inventory of it's fixed assets. This resulted in changes resulting in the following restatement of balances as of December 31, 2009:

	Report Balance <u>Dec.31, 2009</u>	Restated Balance <u>Dec.31, 2009</u>
Land	\$4,000,600	\$55,925,900
Building	6,070,933	7,906,400
Machinery and Equipment	<u>23,100,687</u>	<u>11,638,754</u>
	<u>\$33,172,220</u>	<u>\$75,471,054</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 9. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of December 31, 2010:

	Restated Balance <u>Dec.31, 2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec.31, 2010</u>
Land	\$55,925,900	\$	\$	\$55,925,900
Building	7,906,400			7,906,400
Machinery and Equipment	<u>11,638,754</u>	<u>107,231</u>	<u> </u>	<u>11,745,985</u>
	<u>\$75,471,054</u>	<u>\$107,231</u>	<u>\$ -0-</u>	<u>\$75,578,285</u>

NOTE 10. DUE TO/FROM OTHER FUNDS

Balances due from/to other funds at December 31, 2010 consist of the following:

\$247,622	Due to the Current Fund from the Water Utility Fund for reimbursement of expenditures.
<u> </u> 350	Due to the Current Fund from the Escrow Trust Fund for interest earnings.
<u> </u> <u>\$247,972</u>	

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

NOTE 11. RISK MANAGEMENT

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

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

Balance - December 31, 2009	\$2,032,585
Increases:	
Reimbursements	<u>112,431</u>
	<u>2,145,016</u>
Decreases:	
Claims	<u>1,445,180</u>
Balance - December 31, 2010	<u><u>\$699,836</u></u>

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 12. 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, 2010</u>	<u>Balance</u> <u>Dec.31, 2009</u>
Prepaid Taxes	<u>\$286,836</u>	<u>\$98,466</u>
Cash Liability for Taxes Collected in Advance	<u>\$286,836</u>	<u>\$98,466</u>

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES

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

(a) **Unemployment Compensation**

The Town received a bill for \$155,031 for delinquent Unemployment Contributions to the State of New Jersey in transition year 2009. During the 2010 year, payments were made against this balance. As of December 31, 2010, the amount that remains outstanding is \$51,565 which is to be paid in 2011.

NOTE 14. REVERSION TO CALENDAR YEAR BUDGET

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

NOTE 15. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2010 which has been appropriated as revenue in the 2011 budget is as follows:

Current Fund	\$5,000,000
Water Utility Operating Fund	142,531

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 16. 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.

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/gasb-43-sept2008.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.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS, (continued)

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, 2010 and 2009 were as follows:

The Town of Kearny contributions to SHBP for post-retirement benefits for the year ended December 31, 2010 the six month period ended December 31, 2009 were \$3,391,954 and \$1,635,352, respectively, which equaled the required contribution for each period.

SUPPLEMENTARY DATA AND SCHEDULES

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	Year Ended December 31,	Six Month Period Ended December 31,	Year Ended June 30,
	<u>2010</u>	<u>2009</u>	<u>2009</u>
<u>Tax Rate</u>	9.171	8.947	8.947
<u>Apportionment of Tax Rate</u>			
Municipal	3.387	3.280	3.280
County	1.522	1.522	1.522
Local School	4.262	4.145	4.145
<u>Assessed Valuation</u>			
Year Ended December 31, 2010	\$1,066,596,554		
Six Month Period Ended December 31, 2009		\$1,071,114,398	
Year Ended June 30, 2009			\$1,071,114,398

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
Year Ended December 31, 2010	\$97,910,575	\$95,519,098	97.56%
Six Month Period Ended December 31, 2009	47,903,987	46,208,590	96.46
Year Ended June 30, 2009	95,274,383	93,044,155	97.66

DELINQUENT TAXES AND TAX TITLE LIENS

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

	<u>Amount of Tax Title Lien</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent Taxes</u>	<u>Percentage of Tax Levy</u>
Year Ended December 31, 2010	\$8,232,556	\$1,782,982	\$10,015,538	10.23%
Six Month Period Ended December 31, 2009	7,635,579	1,454,714	9,090,293	18.98
Year Ended June 30, 2009	7,425,250	1,793,777	9,219,027	9.68

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

The value of properties acquired by liquidation of tax title liens on December 31, 2009 on the basis of the last assessed valuation of such properties, was as follows:

	<u>Amount</u>
Year Ended December 31, 2010	\$1,593,100
Six Month Period Ended	
December 31, 2009	1,593,100
Year Ended June 30, 2009	1,593,100

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Period Ended</u>	<u>Balance June 30,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	Dec. 31, 2010	\$6,964,313	\$5,000,000
	Dec. 31, 2009	8,949,654	6,792,348
	June 30, 2009	5,405,909	
	June 30, 2008	3,937,527	2,500,000
	June 30, 2007	987,110	
Water Utility Operating	Dec. 31, 2010	\$142,531	\$142,531
	Dec. 31, 2009	142,531	
	June 30, 2009	430,685	288,154
	June 30, 2008	820,274	725,310
	June 30, 2007	665,281	88,156

OFFICIALS IN OFFICE AND SURETY BONDS

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

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

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

TOWN OF KEARNY, N.J.

Cash Receipts and Disbursements -Treasurer

Current Fund

Twelve Month Period Ended December 31, 2010

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2009	\$ 13,532,695	1,097,327
Increased by Receipts:		
Tax Collector	96,514,491	
Miscellaneous Revenue Not Anticipated	607,353	
Due From State of New Jersey	189,857	
Petty Cash	1,700	
Tax Title Lien Redemptions	10,266,280	
Revenue Accounts Receivable	2,537,199	
State and Federal Grants Receivable	422,782	
Interfunds	12,775,149	
Reserve for Maintenance of Free Public Library with State Aid	19,225	
Tax Overpayments	220,486	
Prepaid Taxes	286,836	
Due to State - DCA Fees	48,011	
Energy Tax Receipts	17,827,441	
Reserve for Urban Enterprise Zone	117,400	
	138,756,829	3,077,381
	152,289,524	4,174,708
Decreased by:		
Current Year Budget Appropriations	67,294,450	
Petty Cash	1,700	
Appropriation Reserves	1,040,760	
Reserve for Maintenance of Free Public Library with State Aid	55,921	
Due to State - DCA Fees	48,636	
Interfunds	11,925,261	727,193
Encumbrances Payable		831,087
Tax Overpayments	214,420	
County Taxes Payable	16,231,593	
Local District School Taxes	45,449,873	
Refund of Prior Years Revenue	130,626	
Reserve for Pension Deferral	2,662,255	
Reserve for Retroactive Pay	2,086,717	
Appropriated Reserves for Grants	1,272,733	
	147,142,212	2,831,013
Balance December 31, 2010	\$ 5,147,312	1,343,695

TOWN OF KEARNY, N.J.

Schedule of Cash - Change Fund**Current Fund****Twelve Month Period Ended December 31, 2010**

Balance December 31, 2009	\$ <u> </u> 800
Balance December 31, 2010	\$ <u> </u> 800

Exhibit A-6**Schedule of Cash - Petty Cash****Current Fund****Twelve Month Period Ended December 31, 2010**

	<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	200	200
	\$ <u> </u> 1,700	<u> </u> 1,700

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

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ 101,500
Increased by:	
Senior Citizens' Deductions Per Tax Billing	\$ 40,500
Veterans' Deductions Per Tax Billing	150,000
Senior Citizen's, Veteran's, and Disabled Allowed	<u>4,750</u>
	<u>195,250</u>
	296,750
Decreased by:	
Senior Citizen Deductions Disallowed	962
Adjustment for Transition Year	101,500
State Share of Senior Citizens and Veteran Deductions Received in Cash	<u>189,857</u>
	<u>292,319</u>
Balance December 31, 2010	\$ <u>4,431</u>

TOWN OF KEARNY, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Twelve Month Period Ended December 31, 2010

Year	Balance, June 30, <u>2009</u>	Levy	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Lien	Canceled	Balance, Dec. 31, <u>2010</u>
			2009	2010				
2008	6,630							6,630
2009	9,744							9,744
2010	<u>1,438,340</u>	<u>927</u>	<u>1,288,147</u>	<u>1,288,147</u>		<u>66,991</u>	<u>81,090</u>	<u>3,039</u>
	<u>1,454,714</u>	<u>927</u>				<u>66,991</u>	<u>81,090</u>	<u>19,413</u>
2010		<u>97,910,575</u>	<u>98,466</u>	<u>95,226,344</u>	<u>194,288</u>	<u>487,732</u>	<u>140,176</u>	<u>1,763,569</u>
	<u>\$ 1,454,714</u>	<u>97,911,502</u>	<u>98,466</u>	<u>96,514,491</u>	<u>194,288</u>	<u>554,723</u>	<u>221,266</u>	<u>1,782,982</u>

Analysis of Tax Levy

Tax yield:	\$ 97,817,574
General Purpose Tax	<u>93,001</u>
Added/Omitted Taxes	

\$ 97,910,575

Tax Levy:	
Local District School Tax	\$ 16,231,593
County Tax	<u>15,449</u>
County Added and Omitted Taxes	

\$ 16,247,042

Local Tax for Municipal Purposes	\$ 36,130,168
Additional Taxes	<u>1,083,492</u>
	<u>37,213,660</u>

\$ 60,696,915\$ 97,910,575

Exhibit A-9

TOWN OF KEARNY, N.J.

Schedule of Tax Title Liens Receivable

Current Fund

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ 7,635,579
Increased by:	
Adjustment to Balances	\$ 30,909
Interest and Costs of Tax Sale	11,345
Transfers from Taxes Receivable	<u>554,723</u>
	<u>596,977</u>
Balance December 31, 2010	\$ <u>8,232,556</u>

Exhibit A-10

Schedule of Property Acquired for Taxes

Current Fund

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ 1,593,100
Balance December 31, 2010	\$ <u>1,593,100</u>

TOWN OF KEARNY, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Twelve Month Period Ended December 31, 2010

<u>Source</u>		<u>Balance Dec. 31, 2009</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2010</u>
Clerk:					
Licenses:					
Alcoholic beverages	\$	50,676		50,676	
Other		84,256		84,256	
Fees and Permits		170,749		170,749	
Construction Code Official:					
Fees and Permits		521,447		521,447	
Municipal Court:					
Fines and Costs	88,846	1,156,944		1,144,217	101,573
Interest and Costs on Taxes		347,909		347,909	
Parking Meters		243,946		243,946	
Interest on Investments and Deposits		73,184		73,184	
Hackensack Meadowlands		4,066,593		4,066,593	
Hartz Mountain Lease Agreement		122,736		122,736	
Consolidated Municipal Property Tax Relief Act		469,014		469,014	
Energy Receipts Tax		17,991,378		17,991,378	
Supplemental Energy Receipts Tax		848,652		848,652	
Life Hazard Use Fees - Uniform Fire Safety Act		106,017		106,017	
Kearny Municipal Utilities Authority Sludge Removal		860,000		860,000	
Franchise Fees Cable TV		283,927		283,927	
New Jersey Meadowlands Comm.-Host Community Fees		807,269		807,269	
PILOT Payments		65,688		65,688	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 88,846	28,270,385	28,257,658		101,573

Cash	\$ 10,266,280
Accounts Receivable:	
Energy Receipts Tax	17,991,378
	\$ 28,257,658

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

Current Fund

Twelve Month Period Ended December 31, 2010

	2010			Balance, Dec. 31, <u>2010</u>
	Balance, Dec. 31, <u>2009</u>	Budget Revenue <u>Realized</u>	Collections	<u>Canceled</u>
FY 2007 Grants:				
KUEZ - Business Development Revolving Loan	164,214	164,214		
2006 Bullet Proof Vest	2,610	2,610		
2007 Justice Assistance Grant	15,315	15,315		
FY 2008 Grants:				
UEZ Marketing and Zone Promotion 2	62,659	62,659		
UEZ Business Development Revolving Loan	22,500	16,542		5,958
UEZ Shopping Bus Year 1	4,969			4,969
UEZ Kearny Clean Project 2008	144,774	144,774		
UEZ Public Safety Project - Year 1	99,998	95,998	4,000	
Gates Foundation Opportunity Grant	1,300	1,300		
State Homeland Security Grant Program	1,600			1,600
FY 2009 Grants:				
UEZ Jacobus Avenue Phase III	820,290	40,339		779,951
Paris Grant	15,201	15,201		
Technology Program Grant	93,530	93,530		
Bullet Proof Vest Grant	11,733	11,733		
Chemical Bufferzone Protection Program	909,955	909,871	3	81
NJMC Housing Assistance	19,759			19,759
Veterans Field House Construction-2007	100,000			100,000
Veterans Field House Construction-2008	97,000			97,000
Library Reading Park Construction	50,000			50,000
Municipal Alliance	28,405	28,371	34	
Office on Aging 2009	3,092			3,092
FY 2010 Grants:				
KUEZ - Adminstrative 2009	199,957	194,584	1,704	3,669
KUEZ - Kearny Clean Project 2008 Add'l Funds	15,155	15,155		
KUEZ - Business Development Revolving Loan Add'l Fur	64,500			64,500
KUEZ - Sellers Street Reconstruction Phase I	946,021	108,660	746,021	91,340
KUEZ - Zone Fire Engine - 2009 Custom Pumper	380,000			380,000
KUEZ - Schuyler Avenue Parking Lot	62,612	27,012		35,600
KUEZ - Marketing and Zone Promotion II Add'l Funds	70,000	67,030	2,970	
KUEZ - Marketing and Zone Promotion	500,140	110,566		389,574
KUEZ - Shopping Bus Project Year 2	63,535	45,061		18,474
KUEZ - Economic Stimulus Loan Program	107,500			107,500
KUEZ - Business Development Revolving Loan	600,000			600,000
2009 Justice Assistance Grant	17,118			17,118
2009 Justice Assistance Grant - ARRA	70,586			70,586
FY'10 PARIS Grant	37,500	28,125		9,375
Local Gov't Energy Audit	52,687	52,686	1	
Energy Efficiency & Conservation Block Grant	158,600			158,600
2009 Hudson County Open Space:				
LEED Impr. at Veteran's Field	175,000			175,000
All Season Multipurpose Veteran's Field	350,000			350,000
Brighton Avenue Playground	200,000			200,000
2009 Pandemic Influenza Preparedeness Grant	69,640	31,800		37,840
FY'10 NJ Transit Grant	10,000	9,205		795
2010 Grants:				

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

Current Fund

Twelve Month Period Ended December 31, 2010

	2010				2010
	Balance, Dec. 31, 2009	Budget Revenue <u>Realized</u>	Collections	<u>Canceled</u>	Balance, Dec. 31, 2010
KUEZ - Zone Fire Engine - 2009 Custom Pumper - Match	95,000	95,000			
KUEZ - Marketing and Promotion II Add'l Funds	49,800				49,800
KUEZ - Clean Project Year 2	243,067				243,067
KUEZ - Clean Project Year 2 - Match	28,629	28,629			
KUEZ - Public Safety Year 2	112,473	41,390			71,083
KUEZ - Public Safety Year 2 - Match	28,119	28,119			
FY 2011 KUEZ Administration	180,000				180,000
2010 Municipal Alliance	42,197	526			41,671
2010 Public Health Priority Funding	24,052	12,026			12,026
Hazardous Discharge Site Remediation Fund - Magullian	4,755	4,755			
2009 Jersey Fresh Grant	1,482	1,482			
2009 NJ Community Forestry Program	7,000				7,000
FY'09 Emergency Management Assistance	10,000	10,000			
2009 COPS Technology Program Grant	200,000				200,000
FY'09 Assistance to Firefighters Grant	8,581	8,570		11	
FY'09 Assistance to Firefighters Grant - Match	953	953			
2009 Body Armor Replacement Fund	3,406	3,406			
2010 Clean Communities Grant	46,584	46,584			
2010 Office on Aging Grant	45,000	33,213			11,787
2009 Mun Ct Alcohol Education Rehab & Enforcement	402	402			
2009 Fire Prevention and Safety Grant	2,606				2,606
2009 Fire Prevention and Safety Grant - Match	289	289			
2010 NJ Transit Reforestation Plan	68,400	68,400			
FY'08 Port Security Grant	56,250				56,250
FY'08 Port Security Grant - Match	x 18,750	18,750			
2010 Justice Assitance Grant (JAG)	16,586				16,586
2010 Over the Limit Under Arrest Grant	4,300	4,300			
2010 Body Armor Replacement Fund	9,804	9,804			
Pipeline and Hazardous Materials Safety Grant	17,959				17,959
2010 Pedestrian Safety Education and Enforcement Grant	9,000				9,000
	<u>\$ 6,819,455</u>	<u>1,335,444</u>	<u>2,708,939</u>	<u>764,405</u>	<u>4,681,555</u>
		Cash Receipts \$ 2,537,199			
		Budget Appropriations <u>171,740</u>			
		<u>\$ 2,708,939</u>			

Town of Kearny**Schedule of Appropriation Reserves****Current Fund****Twelve Month Period Ended December 31, 2010**

	<u>Balance, Dec. 31, 2009</u>	<u>Transfers and Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages:				
Administration	20,619	20,619		20,619
Mayor and Council	3,389	3,389		3,389
Town Clerk	94,946	94,946		94,946
Elections	1,283	1,283		1,283
Municipal Court	22,930	22,930		22,930
Public Defender	5,464			
Treasurer	28,967	28,967		28,967
Assessment of Taxes	5,462	5,462		5,462
Collection of Taxes	22,580	22,580		22,580
Police	404,926	404,926		404,926
Fire	408,318	408,318		408,318
Board of Health	118,943	118,943		118,943
Unified Recreation Committee	6,778	6,778		6,778
Road Repairs and Maintenance	54,373	54,373	(80,721)	135,094
Shade Tree	62,611	62,611		62,611
Public Building and Grounds	16,345	16,345		16,345
Vehicle Maintenance	6,513	6,513		6,513
Senior Citizen Center	464	464		464
Construction Code Enforcement	22,509	22,509		22,509
Zoning Commission	188	188		188
Board of Appeals	1,000	1,000		1,000
Management Information	15,367	15,367		15,367
Other Expenses:				
Administrative	1,484	7,956	7,956	
Mayor and Council	97	710	613	97
Clerk	428	6,108	5,260	848
Elections	28,978	28,978		28,978
Legal	88,528	89,048	58,597	30,451
Prosecutor	838	838		838
Audit Fees	85,000	85,000	83,500	1,500
Public Defender		5,464		5,464
Engineering	13,043	13,043	12,090	953
Publicity and Industrial Development	1,513	1,896	1,130	766
Life Insurance for Employees	257	257		257
Employee Hospitalization	465,257	466,937	131,813	335,124
Other Insurance	2,726	2,726	1,234	1,492
Municipal Court	8,610	9,308	764	8,544
Treasurer	21,841	22,540	2,673	19,867
Assessment of Taxes	29,915	30,125	15,910	14,215
Collection of Taxes	7,359	9,631	9,001	630
Police	98,466	123,748	20,424	103,324
Fire	15,094	46,866	25,845	21,021
Emergency Management Services	2,500	2,500		2,500
Board of Health	1,086	10,620	2,904	7,716
Board of Health-Contractual Agreement	2,364	2,364		2,364
Meals on Wheels	3,142	3,142		3,142
Shelter Workshop for Handicapped	12,000	12,000		12,000
Road Repairs and Maintenance	2,065	112,623	110,538	2,085
Shade Tree	723	7,546	4,859	2,687
Public Buildings and Grounds	34,490	81,905	81,768	137
Vehicle Maintenance	974	25,918	15,742	10,176

Town of Kearny

Schedule of Appropriation Reserves

Current Fund

Twelve Month Period Ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	Transfers and Encumbrances	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Recreation	20,005	25,914	6,940	18,974
Parks and Playgrounds	30,000	33,400	3,016	30,384
Celebration of Public Events	19,834	19,984	150	19,834
Senior Citizen Center	4,896	4,896		4,896
Construction Code Enforcement	18,131	18,321	602	17,719
Zoning Commission	9,966	10,145	481	9,664
Board of Appeals	875	1,500	625	875
Planning Board	8,259	8,801	3,863	4,938
Parking Lot Lease Payment	11,419	11,419		11,419
Information Systems	18,727	29,335	29,335	
Electricity and Gas	79,422	79,422	54,984	24,438
Street Lighting	25,617	80,440	65,136	15,304
Communications	80,440	32,873	7,431	25,442
Gasoline	73,675	100,686	26,552	74,134
Postage	203	3,098	2,895	203
Rental of Pumps	60,000	60,000	9,568	50,432
Garbage and Trash Removal - Contractual	25,000	25,000		25,000
Garbage and Trash Removal - Bailer Fees	73,493	213,493	130,283	83,210
Contingent	2,000	2,000		2,000
Social Security System (O.A.S.I.)	15,041	15,041	(35,577)	50,618
Consolidated police and Firemans Retirement System	1,894	1,894		1,894
Police and Firemen's Retirement System			(37,500)	37,500
Unemployment Insurance	61	61		61
Passaic Valley Sewer Commission Share of Costs	111,616	111,616		111,616
Matching Funds for Grants	117,940	117,940		117,940
Maintenance of Public Library (Ch. 82 & 541, P.L. 1985)				
Contribution	<u>205,721</u>	<u>260,076</u>	<u>260,076</u>	<u></u>
TOTAL	<u>\$ 3,266,988</u>	<u>3,795,663</u>	<u>1,040,760</u>	<u>2,754,903</u>
Appropriation Reserves	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Encumbrances	<u>\$ 528,675</u>			
Appropriation Reserves	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 3,266,988</u>			
		<u>\$ 3,795,663</u>		

Exhibit A-14

TOWN OF KEARNY, N.J.

Schedule of Reserve for Retroactive Pay

Current Fund

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ 2,400,000
Decreased by:	
Payments	<u>2,086,717</u>
Balance December 31, 2010	\$ <u>313,283</u>

Exhibit A-15

Schedule of Reserve for Library Expenditures

Current Fund

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ 116,707
Increased by:	
State Library Aid	<u>19,225</u>
	135,932
Decreased by:	
Library Aid Expenditures	<u>55,921</u>
Balance December 31, 2010	\$ <u>80,011</u>

TOWN OF KEARNY, N.J.

Schedule of Tax Overpayments

Current Fund

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ 96,739
Increased by:	
Collections	<u>220,486</u>
	317,225
Decreased by:	
Refunds	<u>214,420</u>
Balance December 31, 2010	\$ <u>102,805</u>

Schedule of Reserve for Tax Appeals

Current Fund

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ <u>1,500,000</u>
Balance December 31, 2010	\$ <u>1,500,000</u>

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Current Fund

Twelve Month Period Ended December 31, 2010

<u>Fund</u>		Balance Dec. 31, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance Dec. 31, <u>2010</u>
Federal and State Grant Fund	\$ 467,105		432,957	900,062	
Water Utility Operating Fund			2,147,622	1,900,000	247,622
Water Utility Capital Fund	750,000		2,398,000	3,148,000	
Trust Funds:					
Other Trust Fund			2,200,000	2,200,000	
Self Insurance Trust			3,050,000	3,050,000	
UDAG Trust			1,883,892	1,883,892	
Escrow Trust	55		295		350
	\$ <u>1,217,160</u>		<u>12,112,766</u>	<u>13,081,954</u>	<u>247,972</u>

Analysis of Changes

Interest	\$ 295	
Cash Receipts	7,555,409	5,219,740
Cash Disbursements	4,298,000	7,627,261
NJ Env. Infrastructure Loan Payments	43,030	
UDAG Trust Grants		233,892
Grant Expenditures	204,592	
Grants-Canceled, net	<u>11,440</u>	<u>1,061</u>
	\$ <u>12,112,766</u>	<u>13,081,954</u>

Exhibit A-19

TOWN OF KEARNY, N.J.

Schedule of County Taxes Payable

Current Fund

Twelve Month Period Ended December 31, 2010

Increased by:

Levy	\$ 16,231,593
Added Assessments	<u>15,449</u>
	\$ <u>16,247,042</u>

Decreased by:

Payments	<u>16,231,593</u>
Balance December 31, 2010	\$ <u>15,449</u>

Exhibit A-20

Schedule of Local District School Taxes Payable

Current Fund

Twelve Month Period Ended December 31, 2010

Increased by:

Levy	\$ <u>45,449,873</u>
------	----------------------

Decreased by:

Payments	\$ <u>45,449,873</u>
----------	----------------------

TOWN OF KEARNY, N.J.

Schedule of Prepaid Taxes

Current Fund

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ 98,466
Increased by:	
Collections	<u>286,836</u>
	385,302
Decreased by:	
Applied to 2010 Taxes Receivable	<u>98,466</u>
Balance December 31, 2010	\$ <u>286,836</u>

TOWN OF KEARNY, N.J.

Schedule of Due to State - DCA Fees

Current Fund

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ 5,666
Increased by:	
Collections	<u>48,011</u>
	53,677
Decreased by:	
Disbursements	<u>48,636</u>
Balance December 31, 2010	\$ <u>5,041</u>

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Federal and State Grant Fund

Twelve Month Period Ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>
Current Fund	\$ (467,105)	432,957	900,062
	<hr/>	<hr/>	<hr/>
	<u>\$ (467,105)</u>	<u>432,957</u>	<u>900,062</u>

Analysis of Changes

Cash Receipts	\$ 422,782
Cash Disbursements	727,193
Expenditures	68
Matching Funds	171,740
Grant Cancellations	10,175
	1,061
	<hr/>
	<u>\$ 432,957</u>
	<u>900,062</u>

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Twelve Month Period Ended December 31, 2010

<u>Grant</u>	Balance, Dec. 31, <u>2009</u>	2010 Grants		Balance, Dec. 31, <u>2010</u>
		<u>Budgeted</u>	<u>Expenditures</u>	<u>Canceled</u>
2006 Bullet Proof Vest				
2006 Body Armor Grant	4,345			4,345
KUEZ - Marketing and Zone Promotion Phase II	2,735	1,346	1,389	
KUEZ - Business Development Revolving Loan	177,762	176,882		880
Body Armor Grant	13,121			13,121
State Homeland Security Grant Program	1,600		1,600	
Drunk Driving Enforcement Grant	2,644	2,644		
Emergency Management Grant FY 07	3,095	3,092	3	
UEZ Business Development Revolving Loan	5,078	2,070		3,008
Gates Foundation Opportunity Grant	2,265	2,265		
UEZ Shopping Bus Year 1	12,920			12,920
UEZ Marketing and Zone Promotion 2	31			31
UEZ Kearny Clean Project 2008	56,704	55,504	1,200	
UEZ Public Safety Project - Year 1	124,998	119,997	5,001	
Technology Program Grant				
2008 Bullet Proof Vest				
Body Armor Grant	11,414			11,414
Veterans Field House Construction-2007	79,225	3,330		75,895
Veterans Field House Construction-2008	97,000			97,000
Library Reading Park Construction	50,000			50,000
Emergency Management Grant	10,000	2,879		7,121
NJMC Housing Assistance	19,759			19,759
UEZ Jacobus Avenue Phase III	820,290	45,700		774,590
Chemical Bufferzone Protection Program	185,664	185,661	3	
Municipal Alliance	606	572	34	
Hazardous Discharge Site Remediation	466	466		
Office on Aging 2009	3,092			3,092
Clean Communities 2009	11,314			11,314
Alcohol Education Rehabilitation Fund	603	603		
KUEZ - Adminstrative 2009	111,428	109,725	1,703	
KUEZ - Marketing and Zone Promotion 2	690	200	490	
KUEZ - Kearny Clean Project 2008	15,155	15,155		
KUEZ - Business Development Revolving Loan Add'l Fur	64,500			64,500
KUEZ - Sellers Street Reconstruction Phase I	817,321	22,861	746,021	48,439
KUEZ - Zone Fire Engine - 2009 Custom Pumper	380,000	360,699		19,301
KUEZ - Schuyler Avenue Parking Lot	18,914			18,914
KUEZ - Marketing and Zone Promotion	470,874	210,890		259,984
KUEZ - Shopping Bus Project Year 2	63,535	45,060		18,475
KUEZ - Shopping Bus Project Year 2 - Match	7,060	5,007		2,053
KUEZ - Economic Stimulus Loan Program	107,500			107,500
KUEZ - Business Development Revolving Loan	600,000	560		599,440
2009 Justice Assistance Grant	17,118			17,118
2009 Justice Assistance Grant - ARRA	63,632	29,888		33,744
FY'10 PARIS Grant	37,500	28,125		9,375
FY 2009 Drunk Diving Enforcement Fund	14,755	10,719		4,036
Local Government Energy Audit		(1)	1	
Energy Efficiency & Conservation Block Grant	158,600			158,600
2009 Hudson County Open Space:				
LEED Impr. at Veteran's Field	175,000			175,000
All Season Multipurpose Veteran's Field	350,000			350,000
Brighton Avenue Playground	200,000	16,765		183,235

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Twelve Month Period Ended December 31, 2010

<u>Grant</u>	Balance, Dec. 31, <u>2009</u>	2010 Grants			Balance, Dec. 31, <u>2010</u>
	<u>Budgeted</u>	<u>Expenditures</u>	<u>Canceled</u>		
FY'10 Recycling Tonnage Grant	28,172	5,815			22,357
2009 Pandemic Influenza Preparedness Grant	112,778	67,579			45,199
FY'10 NJ Transit Grant	10,000	9,205			795
KUEZ - Zone Fire Engine - 2009 Custom Pumper - Match	95,000	90,175			4,825
KUEZ - Marketing and Zone Promotion II Add'l Funds	49,800				49,800
KUEZ - Clean Project Year 2	271,696	41,379			230,317
KUEZ - Public Safety Year 2	140,592	51,738			88,854
FY 2011 KUEZ Administration	180,000	63,193			116,807
2010 Municipal Alliance	42,197	42,121			76
2010 Public Health Priority Funding	24,052	12,026			12,026
Hazardous Discharge Site Remediation - Magullian Fuel Oil	4,755	4,738	17		
2009 Jersey Fresh Grant	1,482				1,482
2009 NJ Community Forestry Program	7,000	7,000			
FY'09 Emergency Management Assistance	10,000				10,000
2009 COPS Technology Program Grant	200,000				200,000
FY'09 Assistance to Firefighters Grant	9,534	9,520	14		
2009 Body Armor Replacement Fund	3,406				3,406
2010 Clean Communities Grant	46,584				46,584
2010 Office on Aging Grant	45,000	33,213			11,787
2009 Mun Ct Alcohol Education Rehab & Enforcement Fund	402	402			
2009 Fire Prevention and Safety Grant	2,895	2,895			
2010 NJ Transit Reforestation Plan	68,400				68,400
FY'08 Port Security Grant	75,000				75,000
2010 Justice Assistance Grant	16,586				16,586
2010 Over the Limit Under Arrest Grant	4,300	4,300			
2010 Body Armor Replacement Fund	9,804				9,804
Pipeline and Hazardous Material Safety Grant	17,959	17,924			35
2010 Pedestrian Safety Education and Enforcement Grant	9,000				9,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 5,521,263	1,335,444	1,921,887	773,519	4,161,301

Budget Appropriations \$ 1,274,381
Appropriations by 40a:4-87 61,063

\$ 1,335,444

Cash \$ 1,272,733
Encumbrances 649,154

\$ 1,921,887

TOWN OF KEARNY, N.J.

Due from State of New Jersey -
Energy Receipts Tax

Current Fund

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ 6,177,561
Increased By:	
Revenue Accounts Receivable	<u>17,991,378</u>
	24,168,939
Decreased By:	
Cash Receipts	<u>17,827,441</u>
Balance December 31, 2010	\$ <u>6,341,498</u>

Schedule of Reserve for Due to Library

Current Fund

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ <u>187,406</u>
Balance December 31, 2010	\$ <u>187,406</u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Pension Deferral

Current Fund

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ <u>2,662,255</u>
Decreased By: Cash Disbursements	\$ <u>2,662,255</u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Encumbrances

Grant Fund

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ 831,087
Increased By:	
Transferred from Budget Appropriations	<u>649,154</u>
	1,480,241
Decreased By:	
Cash Disbursements	<u>831,087</u>
Balance December 31, 2010	\$ <u>649,154</u>

TOWN OF KEARNY, N.J.

Schedule of Cash

Trust Funds

Twelve Month Period Ended December 31, 2010

	Animal Trust <u>Fund</u>	Other Trust <u>Fund</u>	Self- Insurance Trust <u>Fund</u>
Balance - December 31, 2009	\$ 2,886	3,920,516	2,032,585
Increased by Receipts:			
Reserve for Animal Trust Expenditures	26,834		
Amount Due to the State of New Jersey	3,399		
Current Fund Appropriation	75,000		
Community Development		771,997	
Interfunds		4,084,187	3,050,000
Other Trust Funds		2,186,507	
Refunds			112,431
Total Receipts	105,233	7,042,691	3,162,431
	108,119	10,963,207	5,195,016
Decreased by Disbursements:			
Reserve for Animal Trust Expenditures	102,462		
Amount Due to the State of New Jersey	3,399		
Interfunds		4,083,892	3,050,000
Other Trust Funds		2,401,203	
Community Development		753,567	
Self-Insurance Liability			1,445,180
Total Disbursements	105,861	7,238,662	4,495,180
Balance - December 31, 2010	\$ 2,258	3,724,545	699,836

Exhibit B-3

TOWN OF KEARNY, N.J.

Schedule of Assessments Receivable - Unpledged

Assessment Trust Fund

Six Month Period Ended December 31, 2010

Balance - December 31, 2009	\$ <u>1,136</u>
-----------------------------	-----------------

Balance - December 31, 2010	\$ <u>1,136</u>
-----------------------------	-----------------

Exhibit B-4

Schedule of Assessments Liens Receivable - Unpledged

Assessment Trust Fund

Twelve Month Period Ended December 31, 2010

Balance - December 31, 2009	\$ <u>292</u>
-----------------------------	---------------

Balance - December 31, 2010	\$ <u>292</u>
-----------------------------	---------------

TOWN OF KEARNY, N.J.

Schedule of Due to State of New Jersey

Animal Trust Fund

Twelve Month Period Ended December 31, 2010

	Dog License <u>Fees</u>
Increased by:	
Dog License Fees	\$ <u>3,399</u>
Decreased by:	
Payments	\$ <u><u>3,399</u></u>

TOWN OF KEARNY, N.J.

Schedule of Other Accounts Receivable

Other Trust Fund

Twelve Month Period Ended December 31, 2010

Balance - December 31, 2009	\$ <u>47,443</u>
-----------------------------	------------------

Balance - December 31, 2010	\$ <u>47,443</u>
-----------------------------	------------------

TOWN OF KEARNY, N.J.

Schedule of Community Development Receivables

Other Trust Fund

Twelve Month Period Ended December 31, 2010

	Balance <u>December 31,</u> <u>2009</u>	<u>Awards</u>	<u>Receipts</u>	Balance <u>December 31,</u> <u>2010</u>
1999-				
Facade Imp Program	5,572			5,572
2003-				
Façade Imp Program	2,023			2,023
2007				
Harvey Field House-Bathroom	38,121			38,121
2008				
Woodland Avenue Reconstruction	191,927		185,212	6,715
2009				
Sellers Street Reconstruction - Phase I	586,785		586,785	
2010-				
Sellers Street Reconstruction - Phase II	336,762			336,762
Town Hall ADA Compliance	100,000			100,000
	<hr/> \$ 824,428	<hr/> 436,762	<hr/> 771,997	<hr/> 489,193

TOWN OF KEARNY, N.J.

Schedule of Reserve for Animal Trust Fund Expenditures

Animal Trust Fund

Twelve Month Period Ended December 31, 2010

Balance - December 31, 2009	\$ 2,886
Increased by:	
Budget Appropriation	\$ 75,000
Animal License Fees	<u>26,834</u>
	<u>101,834</u>
	104,720
Decreased by:	
Expenditures Under R.S. 4:19-15.11	<u>102,462</u>
Balance - December 31, 2010	\$ <u>2,258</u>

License fees collected

<u>Year</u>	<u>Amount</u>
FY2009	\$ 27,586
2009	<u>3,256</u>
	\$ <u>30,842</u>

TOWN OF KEARNY, N.J.

Schedule of Reserves

Other Trust Fund

Twelve Month Period Ended December 31, 2010

	Balance December 31, <u>2009</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2010</u>
Recreation	\$ 141,093	180,671	151,684	170,080
Swim Pool	58,619	19,248	983	76,884
Landfill Closure	398,474			398,474
Public Defender Files	1,963	1,641		3,604
Dedicated Fire Penalties	50,382	21,610	4,351	67,641
Performance Deposits	273,412			273,412
Bond	101,700		90,480	11,220
DARE Program	7,939	2,010	4,406	5,543
Various Donations	44,060	19,750	28,300	35,510
Domestic Violence	1,500			1,500
Police Outside Duty	162,399	590,026	571,206	181,219
Miscellaneous	2,236	400	231	2,405
Escrow Deposits	160,228	291,127	179,771	271,584
Tax Title Lien Premiums	684,900	50,400	303,200	432,100
Recreation Umpire	3,030	39,110	39,945	2,195
Affordable Housing	598,908	240		599,148
POAA	89,249	16,327	12,103	93,473
Tax Collector Trust	91	939,245	939,244	92
Law Enforcement Trust Fund	19,266	10,884		30,150
Public Library Trust				
Donations - Reserved Principal	10,000			10,000
Donations - Unreserved Interest	6			6
Donations - Unreserved	1,300		479	821
DEA Fund	141,687	3,818	74,820	70,685
UDAG	<u>1,033,892</u>			<u>1,033,892</u>
	<u>\$ 3,986,334</u>	<u>2,186,507</u>	<u>2,401,203</u>	<u>3,771,638</u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Community Development Block Grants

Other Trust Fund

Twelve Month Period Ended December 31, 2010

	Balance December 31, <u>2009</u>	Awards	Disbursements	Balance December 31, <u>2010</u>
1999-				
Community Police Site				
Façade Imp Program	5,572			5,572
2003-				
Façade Imp Program	2,023			2,023
2007-				
Harvey Field House-Bathroom	38,121			38,121
2008-				
Woodland Avenue Reconstruction	173,497			166,782
2009-				6,715
Sellers Street Reconstruction - Phase I	586,785			586,785
2010-				
Sellers Street Reconstruction - Phase II	336,762			336,762
Town Hall ADA Compliance	<u>100,000</u>			<u>100,000</u>
	<u>\$ 805,998</u>	<u>436,762</u>	<u>753,567</u>	<u>489,193</u>

TOWN OF KEARNY, N.J.

**Schedule of Reserve for Self-
Insurance Trust Fund Expenditures**

Self-Insurance Trust Fund

Twelve Month Period Ended December 31, 2010

Balance - December 31, 2009	2,032,585
Increased by:	
Reimbursements	<u>112,431</u>
	2,145,016
Decreased by:	
Payment of Claims	<u>1,445,180</u>
Balance - December 31, 2010	\$ <u>699,836</u>

Exhibit B-12

TOWN OF KEARNY, N.J.

Schedule of Reserve for Assessments and Liens

Assessment Trust Fund

Twelve Month Period Ended December 31, 2010

Balance - December 31, 2009	\$ <u>1,334</u>
Balance - December 31, 2010	\$ <u>1,334</u>

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Other Trust Fund

Twelve Month Period Ended December 31, 2010

<u>Fund</u>	Balance Dec. 31, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance Dec. 31, <u>2010</u>
Current Fund	\$ (55)	4,083,892	4,084,187	(350)
	\$ (55)	4,083,892	4,084,187	(350)

Exhibit B-14

TOWN OF KEARNY, N.J.

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

Other Trust Fund

Twelve Month Period Ended December 31, 2010

<u>Fund</u>	Balance Dec. 31, <u>2009</u>	Balance Dec. 31, <u>2010</u>
Other Trust Fund:		
Escrow Trust Fund	\$ 118,514	118,514
Affordable Housing Trust Fund:		
Escrow Trust Fund	98,357	98,357
Escrow Trust Fund:		
Other Trust Fund	(118,514)	(118,514)
Affordable Housing Trust Fund	<u>(98,357)</u>	<u>(98,357)</u>
	<u>\$</u> <u> </u>	<u> </u>
Due from	\$ 216,511	216,511
Due (to)	<u>(216,511)</u>	<u>(216,511)</u>
	<u> </u>	<u> </u>

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Self-Insurance Trust Fund

Twelve Month Period Ended December 31, 2010

	Current <u>Fund</u>
Increased by:	
Receipts	<u>\$ 3,050,000</u>
Decreased by:	
Disbursements	<u>\$ 3,050,000</u>

TOWN OF KEARNY, N.J.

Schedule of Cash

General Capital Fund

Twelve Month Period Ended December 31, 2010

Balance, December 31, 2009	\$ 237,604
Increased by Receipts:	
Grants	\$ 486,192
Interfunds	2,350,000
Bond Anticipation Note	3,425,000
Bond Anticipation Note - Premium	7,604
Schedule of Reserves	<u>13,574</u>
	<u>6,282,370</u>
	6,519,974
Decreased by Disbursements:	
Improvement Authorizations	3,711,826
Interfunds	<u>2,350,000</u>
	<u>6,061,826</u>
Balance, December 31, 2010	\$ <u>458,148</u>

TOWN OF KEARNY, N.J.

Analysis of Cash

General Capital Fund

Twelve Month Period Ended December 31, 2010

Reserve for Receivables	\$ 310,000
Reserve for Payment of Notes	2,179,928
Capital Improvement Fund	230,947
Fund Balance	946,425
Department of Transportation Grants	(459,052)
Green Acres Grants	(1,509,500)
Hudson County Open Space Grants	(110,000)
N.J. Environmental Infrastructure Trust Loans Receivable	(858,918)

Improvement Authorizations:

Ordinance

Number	Improvement Description	
2004-25	Improvements to Solids and Floatables Facility	(694,342)
2007-52	Various Capital Improvements	110,000
2008-28	Various Capital Improvements	201,841
2008-34	Various Road and Sewer Improvements	202,286
2008-35	Various Capital Improvements	194,990
2008-36	Multi-Park Improvements	15,574
2009-12	Various Capital Improvements	
2009-37	Elm Street/Laurel Avenue Traffic Signal and Road Improvements	41,634
2009-42	Harvey Field Improvements	(435,000)
2010-06	Various Improvements	(693)
2010-07	Road Improvements and Traffic Signals to Belgrove Dr./Woodland Ave and Seeley Ave/Elm St.	271,192
2010-40	Waterfront Property Acquisition (Magullian Property)	(179,164)
		\$ 458,148

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

General Capital Fund

Twelve Month Period Ended December 31, 2010

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance, December 31, 2009</u>	<u>Awarded</u>	<u>Reduced</u>	<u>Balance, December 31, 2010</u>
DOT Grants:					
2007-03	Supplemental-Street Resurfacing Davis Avenue	110,278		110,278	
2008-34	Various Road and Sewer Repairs	310,000		181,565	128,435
2009-37	Elm Street and Laurel Avenue Traffic Signal and Road Improvements	124,161			124,161
2010-07	Road Improvements and Traffic Signals to Belgrove Dr./Woodland Ave and Seeley Ave/Elm St.		400,805	194,349	206,456
		<u>434,161</u>	<u>400,805</u>	<u>486,192</u>	<u>459,052</u>
Green Acres Grants:					
2008-36	Multi-Park Improvements	500,000			500,000
2009-42	Harvey Field Soccer Improvements	435,000			435,000
2010-40	Waterfront Property Acquisition (Magullina Property)		574,500		574,500
		<u>935,000</u>	<u>574,500</u>		<u>1,509,500</u>
Hudson County Open Space Grants:					
2007-30	Various Capital Improvements	110,000			110,000
		<u>110,000</u>			<u>110,000</u>

TOWN OF KEARNY, N.J.

Schedule of Loans Receivable

General Capital Fund

Twelve Month Period Ended December 31, 2010

<u>Ordinance Number</u>	<u>Description</u>		Balance, December 31, <u>2009</u>	Balance, December 31, <u>2010</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

Twelve Month Period Ended December 31, 2010

Balance, December 31, 2009	\$ 57,826,575
----------------------------	---------------

Decreased by:

Serial Bonds Paid by Current Year	
Budget Appropriations	\$ 4,815,000
N.J. Wastewater Loans Paid by	
Current Year Budget Appropriations	590,726
Green Acres Loans Paid by Current	
Year Budget Appropriations	<u>47,121</u>
	<u>5,452,847</u>
Balance, December 31, 2010	\$ <u>52,373,728</u>

TOWN OF KEARNY, N.J.

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

General Capital Fund

Twelve Month Period Ended December 31, 2010

Ordinance Number	Improvement Description	Analysis of Balance - December 31, 2010			
		Balance December 31, 2009	Authorizations	Funded	Balance December 31, 2010
<u>General Improvements:</u>					
2004-25	Improvements to Solids and Floatables Facility	\$ 1,777,477			1,777,477
2008-34	Various Road and Sewer Improvements	1,810,000			1,810,000
2008-35	Various Capital Improvements	950,000			950,000
2008-36	Multi-Park Improvements	500,000			500,000
2009-12	Various Capital Improvements	475,000			475,000
2009-42	Harvey Field Soccer Improvements	435,000			435,000
2010-06	Various Improvements				
2010-07	Road Improvements and Traffic Signals to Belgrave Dr./Woodland Ave and Seeley Ave/Elm St.	1,000,000		50,000	950,000
2010-40	Waterfront Property Acquisition (Magullian Property)				
		400,805		400,805	
		766,000		574,500	
					191,500
					179,164
					12,336
		<u>\$ 5,947,477</u>	<u>2,166,805</u>	<u>1,025,305</u>	<u>7,088,977</u>
					<u>3,425,000</u>
					<u>1,309,199</u>
					<u>2,354,778</u>
		\$ 1,025,305			
<u>Less: Unexpended proceeds of Bond Anticipation Notes</u>					
<u>Ordinance:</u>					
					2008-34
					201,841
					2008-35
					202,286
					2008-36
					194,990
					2009-12
					15,574
					<u>614,691</u>
					<u>2,354,777</u>

TOWN OF KEARNY, N.J.

Schedule of Interfund Due from/(to) Various Funds

General Capital Fund

Twelve Month Period Ended December 31, 2010

	<u>Increases</u>	<u>Decreases</u>
Current Fund	\$ <u>2,350,000</u>	<u>2,350,000</u>

TOWN OF KEARNY, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Twelve Month Period Ended December 31, 2010

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2010</u>		<u>Interest Rate</u>	<u>Balance December 31, 2009</u>	<u>Decreased</u>	<u>Balance December 31, 2010</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	Jan. 15, 2003	13,844,000	1/15/2011	1,600,000	4.00%	12,534,000	1,500,000	11,034,000
			1/15/2012	1,700,000	4.00%			
			1/15/2013	1,800,000	4.00%			
			1/15/2014	1,900,000	4.00%			
			1/15/2015	2,000,000	4.10%			
			1/15/2016	2,034,000	4.15%			
Refunding Bonds Series 2003A	Jan. 15, 2003	14,140,000	1/15/2011	990,000	3.50%	4,750,000	1,320,000	3,430,000
			1/15/2012	780,000	3.85%			
			1/15/2013	670,000	4.00%			
			1/15/2014	255,000	4.00%			
			1/15/2015	135,000	4.125%			
			1/15/2016	600,000	4.25%			
Refunding Bonds Series 2003B	Jan. 15, 2003	8,875,000	1/15/2011	780,000	4.70%	7,500,000	685,000	6,815,000
			1/15/2012	640,000	5.04%			
			1/15/2013	730,000	5.00%			
			1/15/2014	825,000	5.10%			
			1/15/2015	935,000	5.20%			
			1/15/2016	1,050,000	5.25%			

TOWN OF KEARNY, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Twelve Month Period Ended December 31, 2010

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2010		Interest Rate	Balance December 31, 2009	Decreased	Balance December 31, 2010
			Date	Amount				
Refunding Bonds Series 2006A	Feb. 1, 2007	7,480,000	2/1/2011	1,195,000	4.00%	7,480,000	1,065,000	6,415,000
			2/1/2012	1,055,000	4.00%			
			2/1/2013	1,195,000	4.00%			
			2/1/2014	1,500,000	4.75%			
			2/1/2015	1,170,000	5.00%			
			2/1/2016	300,000	5.00%			
Refunding Bonds Series 2006B	Feb. 1, 2007	8,875,000	2/1/2011	410,000	5.01%	5,100,000	210,000	4,890,000
			2/1/2012	1,000,000	5.02%			
			2/1/2013	1,000,000	5.03%			
			2/1/2014	1,150,000	5.08%			
			2/1/2015	1,100,000	5.11%			
			2/1/2016	230,000	5.16%			
General Improvement Bonds	Jan. 1, 2008	10,305,000	1/15/2011	45,000	3.50%	10,280,000	35,000	10,245,000
			1/15/2012	55,000	3.50%			
			1/15/2013	65,000	3.50%			
			1/15/2014	75,000	3.50%			
			1/15/2015	650,000	3.50%			
			1/15/2016	650,000	3.50%			
			1/15/2017	1,200,000	3.50%			
			1/15/2018	1,825,000	5.25%			
			1/15/2019	1,900,000	4.00%			
			1/15/2020	1,950,000	4.00%			
			1/15/2021	1,830,000	4.00%			

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

General Capital Fund

Twelve Month Period Ended December 31, 2010

	Original Issue		Maturities of Loans Outstanding, December 31, 2010		Interest Rate	Balance December 31, 2009	Decreased	Balance December 31, 2010
	Date	Amount	Date	Amount				
Trust Share	11/05/98	\$ 1,575,000	08/01/11	85,000	4.25%	\$ 905,000	85,000	820,000
			08/01/12	90,000	4.50%			
			08/01/13	95,000	4.50%			
			08/01/14	100,000	4.50%			
			08/01/15	105,000	4.50%			
			08/01/16	110,000	4.50%			
			08/01/17	115,000	4.50%			
			08/01/18	120,000	4.50%			
Trust Share	11/04/04	\$ 1,025,000	08/01/11	45,000	5.00%	875,000	40,000	835,000
			08/01/12	45,000	5.00%			
			08/01/13	50,000	5.00%			
			08/01/14	50,000	5.00%			
			08/01/15	55,000	4.00%			
			08/01/16	55,000	4.00%			
			08/01/17	55,000	4.00%			
			08/01/18	60,000	5.00%			
			08/01/19	60,000	5.00%			
			08/01/20	65,000	5.00%			
			08/01/21	70,000	5.00%			
			08/01/22	70,000	5.00%			
			08/01/23	75,000	5.00%			
			08/01/24	80,000	4.25%			
Trust Share	11/08/07	\$ 1,255,000	08/01/11	50,000	5.00%	1,210,000	45,000	1,165,000
			08/01/12	50,000	3.40%			
			08/01/13	50,000	3.50%			
			08/01/14	55,000	3.60%			
			08/01/15	55,000	5.00%			
			8/1/2016-17	60,000	5.00%			
			08/01/18	65,000	5.00%			
			08/01/19	65,000	4.00%			
			08/01/20	70,000	4.00%			
			8/1/2021-22	75,000	5.00%			
			08/01/23	80,000	4.25%			
			8/1/2024-25	85,000	4.50%			
			08/01/26	90,000	4.50%			
			08/01/27	95,000	4.25%			

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

General Capital Fund

Twelve Month Period Ended December 31, 2010

Fund Share	Original Issue		Maturities of Loans Outstanding, December 31, 2010			Interest Rate	Balance December 31, 2009	Decreased	Balance December 31, 2010
	Date	Amount	Date	Amount					
	11/05/98	\$ 1,507,371	02/01/11	11,933	*				
			08/01/11	66,910	*				
			02/01/12	10,696	*				
			08/01/12	68,907	*				
			02/01/13	9,387	*				
			08/01/13	70,831	*				
			02/01/14	8,004	*				
			08/01/14	72,683	*				
			02/01/15	6,549	*				
			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	02/01/11	37,043	*		2,343,096	153,691	2,189,405
			08/01/11	122,334	*				
			02/01/12	34,910	*				
			08/01/12	120,202	*				
			02/01/13	32,778	*				
			08/01/13	127,546	*				
			02/01/14	30,409	*				
			08/01/14	125,177	*				
			02/01/15	28,513	*				
			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

Twelve Month Period Ended December 31, 2010

	Original Issue		Maturities of Loans Outstanding, December 31, 2010		Interest Rate	Balance December 31, 2009	Decreased	Balance December 31, 2010
	Date	Amount	Date	Amount				
Fund Share	11/08/07	3,623,250	02/01/11	48,637	*	3,347,294	185,718	3,161,576
			08/01/11	142,228	*			
			02/01/12	46,297	*			
			08/01/12	139,889	*			
			02/01/13	44,706	*			
			08/01/13	138,298	*			
			02/01/14	43,068	*			
			08/01/14	146,019	*			
			02/01/15	41,215	*			
			08/01/15	144,166	*			
			02/01/16	38,642	*			
			08/01/16	150,951	*			
			02/01/17	35,834	*			
			08/01/17	148,143	*			
			02/01/18	33,026	*			
			08/01/18	154,695	*			
			02/01/19	29,984	*			
			08/01/19	151,653	*			
			02/01/20	27,551	*			
			08/01/20	158,579	*			
			02/01/21	24,930	*			
			08/01/21	165,317	*			
			02/01/22	21,421	*			
			08/01/22	161,808	*			
			02/01/23	17,911	*			
			08/01/23	167,657	*			
			02/01/24	14,729	*			
			08/01/24	173,834	*			
			02/01/25	11,149	*			
			08/01/25	170,254	*			
			02/01/26	7,569	*			
			08/01/26	176,034	*			
			02/01/27	3,779	*			
			08/01/27	181,603	*			
						\$ 9,405,588	590,726	8,814,862

* Interest Free

TOWN OF KEARNY, N.J.

Schedule of Green Acres Trust Loans Payable

General Capital Fund

Twelve Month Period Ended December 31, 2010

<u>Purpose</u>	<u>Original Issue</u>	Maturities of Loans Outstanding, December 31, 2010			Interest Rate	Balance December 31, <u>2009</u>	Decreased	Balance December 31, <u>2010</u>
		<u>Date</u>	<u>Amount</u>					
F. J. Vincent Marina	\$ 73,725	02/07/11	\$ 2,225	2.00%		\$ 11,127	4,384	6,743
		08/07/11	2,248					
		02/07/12	2,270					
Harvey Field	235,731	01/11/11	5,772	2.00%		167,069	11,374	155,695
		07/11/11	5,830					
		01/11/12	5,888					
		07/11/12	5,947					
		01/11/13	6,007					
		07/11/13	6,067					
		01/11/14	6,127					
		07/11/14	6,189					
		01/11/15	6,251					
		07/11/15	6,313					
		01/11/16	6,376					
		07/11/16	6,440					
		01/11/17	6,504					
		07/11/17	6,569					
		01/11/18	6,635					
		07/11/18	6,701					
		01/11/19	6,766					
		07/11/19	6,836					
		01/11/20	6,904					
		07/11/20	6,974					
		01/11/21	7,043					
		07/11/21	7,114					
		01/11/22	7,185					
		07/11/22	7,257					
Riverbank Park	\$ 250,000	02/28/11	5,942	2.00%		194,836	11,707	183,129
		08/28/11	6,001					
		02/28/12	6,061					
		08/28/12	6,122					
		02/28/13	6,183					
		08/28/13	6,245					
		02/28/14	6,307					
		08/28/14	6,370					
		02/28/15	6,434					
		08/28/15	6,498					
		02/28/16	6,563					
		08/28/16	6,629					
		02/28/17	6,695					
		08/28/17	6,762					
		02/28/18	6,830					
		08/28/18	6,898					
		02/28/19	6,967					
		08/28/19	7,037					
		02/28/20	7,107					
		08/28/20	7,178					
		02/28/21	7,250					
		08/28/21	7,322					
		02/28/22	7,396					
		08/28/22	7,469					
		02/28/23	7,544					
		08/28/23	7,620					
		02/28/24	7,698					

TOWN OF KEARNY, N.J.

Schedule of Green Acres Trust Loans Payable

General Capital Fund

Twelve Month Period Ended December 31, 2010

Purpose	Original Issue	Maturities of Loans Outstanding, December 31, 2010			Interest Rate	Balance December 31, 2009	Decreased	Balance December 31, 2010
		Date	Amount	Rate				
Bell Playground	275,000	01/09/11	6,366	2.00%		268,821	12,543	256,278
		07/09/11	6,430					
		01/09/12	6,494					
		07/09/12	6,559					
		01/09/13	6,624					
		07/09/13	6,691					
		01/09/14	6,758					
		07/09/14	6,825					
		01/09/15	6,893					
		07/09/15	6,962					
		01/09/16	7,032					
		07/09/16	7,102					
		01/09/17	7,173					
		07/09/17	7,245					
		01/09/18	7,317					
		07/09/18	7,391					
		01/09/19	7,465					
		07/09/19	7,539					
		01/09/20	7,615					
		07/09/20	7,691					
		01/09/21	7,768					
		07/09/21	7,845					
		01/09/22	7,924					
		07/09/22	8,003					
		01/09/23	8,083					
		07/09/23	8,164					
		01/09/24	8,246					
		07/09/24	8,328					
		01/09/25	8,411					
		07/09/25	8,495					
		01/09/26	8,580					
		07/09/26	8,666					
		01/09/27	8,753					
		07/09/27	8,840					

TOWN OF KEARNY, N.J.

Schedule of Green Acres Trust Loans Payable

General Capital Fund

Twelve Month Period Ended December 31, 2010

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding, December 31, 2010</u>		<u>Interest Rate</u>	<u>Balance December 31, 2009</u>	<u>Decreased</u>	<u>Balance December 31, 2010</u>
		<u>Date</u>	<u>Amount</u>				
Gunncl Oval Skateboard Park	138,690	05/26/11	3,556	0%	135,134	7,113	128,021
		11/26/11	3,556				
		05/26/12	3,556				
		11/26/12	3,556				
		05/26/13	3,556				
		11/26/13	3,556				
		05/26/14	3,556				
		11/26/14	3,556				
		05/26/15	3,556				
		11/26/15	3,556				
		05/26/16	3,556				
		11/26/16	3,556				
		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				
		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				
					\$ 776,987	47,121	729,866

TOWN OF KEARNY, N.J.

Schedule of Reserve for Receivables

General Capital Fund

Twelve Month Period Ended December 31, 2010

Balance, December 31, 2009	\$ <u>310,000</u>
----------------------------	-------------------

Balance, December 31, 2010	\$ <u>310,000</u>
----------------------------	-------------------

Analysis of Balance:

Department of Transportation Grant	\$ <u>310,000</u>
------------------------------------	-------------------

TOWN OF KEARNY, N.J.

Schedule of Reserves

General Capital Fund

Twelve Month Period Ended December 31, 2010

Reserve for:	Balance December 31, <u>2009</u>	<u>Increases</u>	Balance December 31, <u>2010</u>
Payment of Debt	<u>\$ 2,166,354</u>	<u>13,574</u>	<u>2,179,928</u>

TOWN OF KEARNY, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Twelve Month Period Ended December 31, 2010

Balance, December 31, 2009	\$ 280,947
Decreased by:	
Appropriated	<u>50,000</u>
Balance, December 31, 2010	\$ <u>230,947</u>

TOWN OF KEARNY, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Twelve Month Period Ended December 31, 2010

<u>Ordinance Number</u>	<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>Increased Rate</u>	<u>Balance December 31, 2010</u>
2008-34	Road/Sewer Improvements	June 29, 2010	June 29, 2010	June 29, 2011	1.50%	1,500,000	1,500,000
2008-35	Various Capital Improvements	June 29, 2010	June 29, 2010	June 29, 2011	1.50%	950,000	950,000
2008-36	Multi-Park Improvements	June 29, 2010	June 29, 2010	June 29, 2011	1.50%	500,000	500,000
2009-12	Various Capital Improvements	June 29, 2010	June 29, 2010	June 29, 2011	1.50%	475,000	475,000
							<u><u>3,425,000</u></u>
							<u><u>3,425,000</u></u>

TOWN OF KEARNY, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Twelve Month Period Ended December 31, 2010

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2009</u>	<u>Authorizations</u>	<u>Decreased</u>	<u>Balance December 31, 2010</u>
<u>General Improvements:</u>					
1998-26	Sewer Separation Project	9,310			9,310
2004-25	Improvements to Solids and Floatables Facility	1,768,167			1,768,167
2008-34	Various Road and Sewer Improvements	1,810,000	1,500,000		310,000
2008-35	Various Capital Improvements	950,000	950,000		
2008-36	Multi-Park Improvements	500,000	500,000		
2009-12	Various Capital Improvements	475,000	475,000		
2009-42	Harvey Field Soccer Improvements	435,000			435,000
2010-06	Various Improvements		950,000		950,000
2010-40	Waterfront Propert Axquisition (Magullian Property)		191,500		191,500
		\$ <u>5,947,477</u>	<u>1,141,500</u>	<u>3,425,000</u>	<u>3,663,977</u>

TOWN OF KEARNY, N.J.

Schedule of Cash - Treasurer

Water Utility Fund

Twelve Month Period Ended December 31, 2010

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2009	\$ 74,270	33,433
Increased by Receipts:		
Water Collector	5,822,046	
Bond Anticipation Notes Payable		4,300,000
Premium on Bond Anticipation Notes		9,547
Interfunds	<u>4,204,592</u>	<u>4,498,000</u>
	<u>10,026,638</u>	<u>8,807,547</u>
	10,100,908	8,840,980
Decreased by Disbursements:		
2010 Appropriations	5,366,945	
2009 Appropriation Reserves	95,664	
Interest on Bonds and Notes	302,990	
Interfunds	<u>4,000,000</u>	<u>5,248,000</u>
Improvement Authorizations		2,569,545
	<u>9,765,599</u>	<u>7,817,545</u>
Balance, December 31, 2010	<u>\$ 335,309</u>	<u>1,023,435</u>

TOWN OF KEARNY, N.J.

Analysis of Cash

Water Utility Capital Fund

Twelve Month Period Ended December 31, 2010

	Balance, December 31, <u>2010</u>
Capital Improvement Fund	\$ 57,750
Capital fund Balance	<u>18,294</u>
Improvement Authorizations:	
Ordinance number	<u>General improvements</u>
2007-31	Various Water Utility Improvements
2007-50	Various Water Utility Improvements
2008-32	Various Water Utility Improvements
2008-50	Various Water Utility Improvements
	<u>2,852</u>
	65,856
	322,108
	<u>556,575</u>
	<u>\$ 1,023,435</u>

TOWN OF KEARNY, N.J.

Due from East Orange Water Commission

Water Utility Fund

Twelve Month Period Ended December 31, 2010

Balance, December 31, 2009	\$ 176,306
Decreased by:	
Raised in Budget	<u>88,154</u>
Balance, December 31, 2010	\$ <u>88,152</u>

TOWN OF KEARNY, N.J.

Schedule of Consumers' Accounts Receivable -
Operating Fund

Water Utility Fund

Twelve Month Period Ended December 31, 2010

Balance, December 31, 2009	\$ 724,606
Increased by:	
2010 Levy	<u>5,121,579</u>
	5,846,185
Decreased by:	
Cash receipts	<u>4,559,557</u>
Balance, December 31, 2010	\$ <u>1,286,628</u>

TOWN OF KEARNY, N.J.

Schedule of 2009 Appropriation Reserves

Water Utility Fund

Twelve Month Period Ended December 31, 2010

	Balance after <u>transfers and encumbrances</u>	Paid or <u>charged</u>	Balance <u>Lapsed</u>
Operating:	Balance, December 31, <u>2009</u>		
Salaries and Wages	\$ 93,218	131,743	95,664
Other Expenses			36,079
North Jersey Water District Supply	188	188	
Statutory Expenditures:			
Social Security	<u>2,855</u>	<u>2,855</u>	<u>2,855</u>
	<u>\$ 96,261</u>	<u>134,786</u>	<u>95,664</u>
Encumbrances		38,525	
Appropriation Reserves	<u>96,261</u>		
		<u>134,786</u>	

TOWN OF KEARNY, N.J.

Schedule of Loans Receivable

Water Utility Capital Fund

Twelve Month Period Ended December 31, 2010

<u>Ordinance Number</u>	<u>Description</u>	<u>Awarded</u>	<u>Balance, December 31, 2010</u>
Environmental Infrastructure Loans:			
2009-31	Central Ave Water Improvements	\$ <u>1,475,375</u>	<u>1,475,375</u>
		<u>1,475,375</u>	<u>1,475,375</u>

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds**Water Utility Operating Fund****Twelve Month Period Ended December 31, 2010**

	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2010</u>
Water Utility Capital Fund	\$ 2,100,000	2,100,000	
Current Fund	<u>1,900,000</u>	<u>2,147,622</u>	<u>(247,622)</u>
	<u>4,000,000</u>	<u>4,247,622</u>	<u>(247,622)</u>
Receipts \$		4,204,592	
Disbursements	4,000,000		
JJ Environmental Infrastructure Loan Payment	<u> </u>	<u>43,030</u>	<u> </u>
	<u>4,000,000</u>	<u>\$ 4,247,622</u>	<u> </u>

TOWN OF KEARNY, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Twelve Month Period Ended December 31, 2010

<u>Account</u>	Balance, December 31, <u>2010</u>	Balance, December 31, <u>2009</u>
Mains and Accessories	\$ 8,755,411	\$ 8,755,411
Wanaque Project	4,466,891	4,466,891
Ramapo Project	615,103	615,103
General	5,289,670	5,289,670
Acquisition of Vehicles	300,000	300,000
Acquisition of Water Meters	<u>2,719,310</u>	<u>2,719,310</u>
	<u>\$ 22,146,385</u>	<u>\$ 22,146,385</u>

TOWN OF KEARNY, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Twelve Month Period Ended December 31, 2010

Ordinance number	<u>Improvement description</u>	Ordinance <u>Date</u> <u>Amount</u>		Balance, December 31, 2009	Authorized in 2010	Balance, December 31, 2010
		<u>Date</u>	<u>Amount</u>			
2008-32	Various Water Utility Improvements	Sept. 9, 2008	1,500,000	\$ 1,500,000		1,500,000
2008-33	Acquisition and Installation of Water Meter:	Sept. 9, 2008	1,500,000	1,500,000		1,500,000
2008-50	Various Water Utility Improvements	Dec. 16, 2008	1,300,000	1,300,000		1,300,000
2009-31	Central Ave Water Improvements	July 21, 2009	1,700,000		1,700,000	1,700,000
2010-05	North Hackensack Ave and Stern Ave Water Improvements	Feb. 23, 2010	1,000,000		1,000,000	1,000,000
				\$ 4,300,000	2,700,000	7,000,000

Exhibit D-14

TOWN OF KEARNY, N.J.

Schedule of Accrued Interest on Bonds and Notes

Water Utility Fund

Twelve Month Period Ended December 31, 2010

Balance, December 31, 2009	\$ 133,068
Increased by:	
Budget Appropriation	<u>182,805</u>
	315,873
Decreased by:	
Payments	<u>302,990</u>
Balance, December 31, 2010	\$ <u>12,883</u>

Analysis of Balance

<u>Principal Outstanding December 31, 2010</u>	<u>Period</u>	<u>Interest Rate</u>	<u>Required Amount</u>
\$ 245,000	5 months	5.10%	5,206
813,000	5 1/2 months	Various	20,192
150,000	5 1/2 months	Various	2,779
5,865,000	5 1/2 months	Various	<u>107,284</u>
			\$ <u>130,255</u>

TOWN OF KEARNY, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Twelve Month Period Ended December 31, 2010

Ordinance number	Improvement description	Ordinance		Balance, December 31, 2009		2010		Balance, December 31, 2010	
		Date	Amount	Funded	Unfunded	Authorizations	Expended	Funded	Unfunded
2007-31	Various Water Utility Improvements	June 26, 2007	1,025,000	16,782				13,930	2,852
2007-50	Various Water Utility Improvements	Sept. 25, 2007	1,025,000	157,905				92,049	65,856
2008-32	Various Water Utility Improvements	Sept. 9, 2008	1,500,000		687,955			365,847	322,108
2008-33	Acquisition and Installation of Meters	Sept. 9, 2008	1,500,000		1,355,247			1,355,247	
2008-50	Various Water Utility Improvements	Dec. 16, 2008	1,300,000		1,299,047			742,472	
2009-31	Central Ave Water Improvements	July 21, 2009	1,700,000			1,700,000		1,475,375	224,625
2010-05	North Hackensack Ave and Stern Ave Water Improvements	Feb. 23, 2010	1,000,000			1,000,000			1,000,000
				\$ 174,687	3,342,249	2,700,000	2,569,545	1,544,083	2,103,308

TOWN OF KEARNY, N.J.

Schedule of Capital Improvement Fund

Water Utility Capital Fund

Twelve Month Period Ended December 31, 2010

Balance, December 31, 2009	\$ <u>57,750</u>
Balance, December 31, 2010	\$ <u>57,750</u>

Schedule of Reserve for Amortization

Water Utility Capital Fund

Twelve Month Period Ended December 31, 2010

Balance, December 31, 2009	\$ 14,853,385
Increased by:	
Payment of Serial Bond Principal	\$ 220,000
Payment of NJ Environmental Infrastructure	
Loan Principal	<u>37,640</u>
	<u>257,640</u>
Balance, December 31, 2010	\$ <u>15,111,025</u>

Exhibit D-18

TOWN OF KEARNY, N.J.

Schedule of Water Utility Serial Bonds

Water Utility Capital Fund

Twelve Month Period Ended December 31, 2010

<u>Purpose</u>	<u>Date of issue</u>	<u>Original issue</u>	<u>Maturities of bonds outstanding, December 31, 2010</u>			<u>Interest rate</u>	<u>Balance, December 31, 2009</u>	<u>Decreased</u>	<u>Balance, December 31, 2010</u>
			<u>Date</u>	<u>Amount</u>	<u>Interest rate</u>				
Water Bond Series 1997	November 15, 1997	735,000	August 1, 2011-15 August 1, 2016	40,000 45,000	5.10% 5.10%	285,000	40,000	245,000	
Acquisition of Water Meters	January 15, 2003	1,463,000	January 15, 2011-13 January 15, 2014-15 January 15, 2016	120,000 150,000 153,000	5.40% 5.40% 5.50%	933,000	120,000	813,000	
Acquisition of Vehicles	January 15, 2003	300,000	January 15, 2011-14 January 15, 2015 January 15, 2016	25,000 25,000 25,000	4.00% 4.10% 4.15%	175,000	25,000	150,000	
Water Improvements	January 15, 2008	5,925,000	January 15, 2011 January 15, 2012 January 15, 2013 January 15, 2014 January 15, 2015 January 15, 2016 January 15, 2017 January 15, 2018 January 15, 2019 January 15, 2020 January 15, 2021 January 15, 2022 - 26 January 15, 2027	95,000 115,000 135,000 125,000 135,000 150,000 350,000 400,000 425,000 450,000 475,000 500,000 510,000	3.50% 3.50% 3.50% 3.50% 3.50% 3.50% 3.50% 5.25% 4.00% 4.00% 4.00% 4.00% 4.00%	5,900,000	35,000	5,865,000	
									\$ 7,293,000
									220,000
									7,073,000

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

Water Utility Capital Fund

Twelve Month Period Ended December 31, 2010

	Original Issue		Maturities of Loans Outstanding, December 31, 2010		Interest Rate	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2010</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>				
Trust Share	03/10/10	\$ 365,000	08/01/11	15,000	4.000%	\$ 365,000		\$ 365,000
			08/01/12	15,000	5.000%			
			08/01/13	15,000	5.000%			
			08/01/14	15,000	5.000%			
			08/01/15	15,000	5.000%			
			08/01/16	15,000	5.000%			
			08/01/17	15,000	5.000%			
			08/01/18	15,000	5.000%			
			08/01/19	20,000	4.000%			
			08/01/20	20,000	5.000%			
			08/01/21	20,000	3.000%			
			08/01/22	20,000	4.000%			
			08/01/23	20,000	4.000%			
			08/01/24	20,000	4.000%			
			08/01/25	25,000	4.000%			
			08/01/26	25,000	3.500%			
			08/01/27	25,000	4.000%			
			08/01/28	25,000	4.000%			
			08/01/29	25,000	4.000%			

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Water Utility Capital Fund

Twelve Month Period Ended December 31, 2010

	Balance, December 31,	<u>2009</u>	<u>Increased</u>	<u>Decreased</u>
Water Utility Operating Fund	\$ 2,100,000		2,100,000	
Current Fund	<u>(750,000)</u>	<u>3,148,000</u>	<u>2,398,000</u>	
	<u>(750,000)</u>	<u>5,248,000</u>	<u>4,498,000</u>	
Receipts	\$ 4,498,000			
Disbursements	<u>5,248,000</u>			
	<u>\$ 5,248,000</u>	<u>\$ 4,498,000</u>		

TOWN OF KEARNY, N.J.

Schedule of Bond Anticipation Notes Payable

Water Utility Capital Fund

Twelve Month Period Ended December 31, 2010

<u>Ordinance Number</u>	<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>Increased</u>	Balance December 31, 2010
2008-32	Various Water Improvements	June 29, 2010	June 29, 2010	June 29, 2011	1.50%	\$ 1,500,000	\$ 1,500,000
2008-33	Water Meter Acquisition	June 29, 2010	June 29, 2010	June 29, 2011	1.50%	1,500,000	1,500,000
2008-50	Various Water Improvements	June 29, 2010	June 29, 2010	June 29, 2011	1.50%	1,300,000	1,300,000
							\$ 4,300,000
							\$ 4,300,000

TOWN OF KEARNY, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Twelve Month Period Ended December 31, 2010

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, December 31, <u>2009</u>	<u>Authorized</u>	<u>Issued</u>	Balance, December 31, <u>2010</u>
2008-32	Various Water Utility Improvements	\$ 1,500,000		1,500,000	
2008-33	Acquisition and Installation of Meters	1,500,000		1,500,000	
2008-50	Various Water Utility Improvements	1,300,000		1,300,000	
2009-31	Central Ave Water Improvements		1,700,000	1,475,375	224,625
2010-05	North Hackensack Ave and Stern Ave Water Improvements		1,000,000		1,000,000
		—————	—————	—————	—————
		\$ <u>4,300,000</u>	\$ <u>2,700,000</u>	<u>5,775,375</u>	<u>1,224,625</u>

TOWN OF KEARNY, N.J.

Schedule of Cash

Public Assistance Trust Fund

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ 27,880
Decreased by;	
Emergency Assistance	<u>230</u>
Balance December 31, 2010	\$ <u>27,650</u>

Reserve for Public Assistance Expenditures

Public Assistance Trust Fund

Twelve Month Period Ended December 31, 2010

Balance December 31, 2009	\$ 27,880
Decreased by;	
Emergency Assistance	<u>230</u>
Balance December 31, 2010	\$ <u>27,650</u>

TOWN OF KEARNY

Letters on Compliance and on Internal Control

General Comments and Recommendations

Year Ended December 31, 2010

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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

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

We have audited the financial statements-regulatory basis of the Town of Kearny in the County of Hudson as of and for the year ended December 31, 2010, and have issued our report thereon dated July 11, 2011. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Town of Kearny prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *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.

Honorable Mayor and
Members of the Town Council
Page 2.

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

Compliance and Other Matters

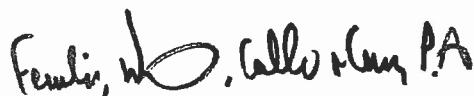
As part of obtaining reasonable assurance about whether the Town of Kearny's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have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

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

This report is intended solely for the information of management, The Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.



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



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

July 11, 2011



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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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

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

Compliance

We have audited the compliance of the Town of Kearny, County of Hudson, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended December 31, 2010. The Town of Kearny's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Town of Kearny's management. Our responsibility is to express an opinion on the Town of Kearny's compliance based on our audit.

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

In our opinion, the Town of Kearny complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2010.

Internal Control Over Compliance

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

A *control deficiency* is an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

This report is intended solely for the information of management, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.



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



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

July 11, 2011



Schedule 1

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Twelve Month Period Ended December 31, 2010

Program	CFDA number	Grant period	Award Amount	Balance at December 31, 2009	Cash Received	Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable)	MEMO	<u>Cumulative Total Expenditures</u>
								At Dec. 31, 2010	Total Expenditures	
Federal and State Grant Fund:										
<u>U.S. Department of Justice:</u>										
Homeland Security	97.073	2003-04	125,000	(100,000)						
Chemical Buffer Zone Protection Program	97.078	FY2009	1,219,310	(724,291)	909,871	185,661			(81) *	1,219,307
COPS Technology Program Grant		2010	200,000							*
Bullet Proof Vest Grant		FY2007	12,345			2,610		(2,610)		* 12,345
Bullet Proof Vest Grant		FY2009	11,414			11,733		(11,733)		* 11,733
Justice Assistance Grant	16.738	FY2007	15,315	(15,315)	15,315					*
Justice Assistance Grant	16.738	FY2010	17,118							
Justice Assistance Grant - ARRA	16.804	FY2010	70,586	(6,954)		29,888		(36,842) *		* 36,842
Justice Assistance Grant	16.738	2010	16,586							
				(846,560)	939,529	215,549		85,657		* 1,420,542
<u>U.S. Department of Law and Public Safety:</u>										
Emergency Management Assistance	97.042	FY08	10,000	3,095		3,092	(3)			* 9,997
Emergency Management Assistance	97.042	FY09	10,000	10,000		2,879				* 2,879
Emergency Management Assistance	97.042	2010	10,000			10,000				
Assistance to Firefighters Grant		2010	9,534			9,523	9,520			* 9,520
Fire Prevention and Safety Grant		2010	2,895			289	2,895			
Recreation Trails Program	20.219	2004-05	25,000	10,000			(10,000)			* 26,092
				23,095	19,812	18,386		(10,003)		* 14,515 * 51,383

Schedule 1

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Twelve Month Period Ended December 31, 2010

<u>Program</u>	<u>CFDA number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Balance at December 31, 2009</u>	<u>Cash Received</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2010</u>	<u>MEMO Cumulative Total Expenditures</u>
Department of Transportation Pipeline and Hazardous Materials Safety Grant	20.710	2010	17,959			17,924		(17,924)	* 17,924
Department of Health Pandemic Influenza Preparedness Grant (HINI)	93.069	FY2010	112,778	43,138	31,800	67,579		(17,924)	* 17,924
Department of Energy: Local Government Audit Program Energy Efficiency & Conservation Block Grant	81.128	FY2010 2009	52,687 158,600	43,138 (52,687)	31,800 52,686	67,579 (1)		7,359	* 67,579
Total Federal and State Grant Fund				(52,687)	52,686	(1)			
				(876,152)	1,012,027	319,437	75,654	(22,408)	* 1,524,611
Other Trust Fund: Department of Housing and Urban Development (passed through County of Hudson): Community Development Block Grant:									
Street Reconstruction	14.219	1999	5,572						*
Street Reconstruction	14.219	2002	350,000						*
Façade Improvement Program	14.219	2003	50,000						*
Harvey Field House-Bathroom	14.219	2007	300,000						*
Woodland Avenue Reconstruction	14.219	2008	200,000	(18,429)	185,211	166,782		(38,121)	* 300,000
Sellers Street Reconstruction - Phase I	14.219	2009	714,920		586,785	586,785			193,285
Sellers Street Reconstruction - Phase II	14.219	2010	336,762						*
Town Hall ADA Compliance	14.219	2010	100,000						714,920
Total Trust Funds				(18,429)	771,996	791,688		(38,121)	* 1,605,822
Total Federal Awards	\$ (894,581)			1,784,023	1,111,125	75,654		(60,529)	* 3,130,433

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

TOWN OF KEARNY, N.Y.

Schedule of Expenditures of State Financial Assistance

Twelve Month Period Ended December 31, 2010

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Twelve Month Period Ended December 31, 2010

<u>Grant number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Balance December 31, 2009</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Adjustments</u>	<u>Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2010</u>	<u>MEMO Cumulative Total Expenditures</u>
49000-752-178810-60	FY2010	28,172	28,172		5,815		22,357	* 5,815
NJ Community Forestry Program	2010	7,000			7,000		(7,000)	* 7,000
Hazardous Discharge Site Remediation: 941 Passaic Ave Magullian Fuel Oil	FY2009 2010	91,973 4,755		4,755	466 4,738	466 (17)		* 91,973 * 4,738
			39,486	51,339	18,019	449	73,255	* 142,951
<u>Department of Transportation:</u>								
New Jersey Transportation Trust Fund Authority Act of 1984: Fiscal Year 2001 - Wilson Avenue Fiscal Year 2001 - Devon Street	2000-01 2000-01	90,000 150,000	41,121 34,589		(41,121) (34,589)			* 48,879 * 147,665
New Jersey Department of Transportation: New Jersey Transit Grant	FY2010	10,000		9,205	9,205			* 9,205
			75,710	9,205	(75,710)			* 205,749
<u>Department of Health and Human Services:</u>								
Public Health Priority Funding	4230-100-046-4602	2010	24,052		12,026	12,026		* 12,026
					12,026	12,026		* 12,026
<u>Department of the Treasury:</u>								
Alcohol Education Rehab & Enforcement Fund Alcohol Education Rehab & Enforcement Fund	FY2009 2010	603 402		402	603 402	603		* 603 * 402
				402	1,005	603		* 1,005
<u>Department of Law and Public Safety:</u>								
Drunk Driving Enforcement Fund Drunk Driving Enforcement Fund	FY08 FY10	41,675 14,755	2,644 14,755		2,644 10,719	4,036		* 41,675 * 10,719
Over the Limit Under Arrest	2010	4,300						* 4,300

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Twelve Month Period Ended December 31, 2010

<u>Grant number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Balance December 31, 2009</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Adjustments</u>	<u>Deferred Revenue/ (Accounts Receivable)</u>	<u>MEMO Cumulative</u>
							<u>at Dec. 31, 2010</u>	<u>Total Expenditures</u>
Pedestrian Safety Education and Enforcement								
Body Armor Grant	1020-718-001-066	FY2007	4,345	4,345			4,345	*
Body Armor Grant	1020-718-001-066	FY2008	13,121	13,121			13,121	*
Body Armor Grant	1020-718-001-066	FY2009	11,414	11,414			11,414	*
Body Armor Grant	1020-718-001-066	2010	3,406	3,406			3,406	*
Body Armor Grant	1020-718-001-066	2010	3,406		9,804		9,804	*
				46,279	17,510	17,663		46,126 *
								70,110 *
Other State Agencies								
NMC Housing Assistance Grant	N/A	FY2009	45,000					*
Paris Grant	100-074-2545-033-6110	FY2009	38,351	(15,201)	15,201			25,241
Paris Grant	100-074-2545-033-6110	FY2010	31,500		28,125	28,125		38,351
Technology Program	N/A	FY2009	93,530	(93,530)	93,530			*
				(108,731)	136,856	28,125		28,125
				(446,381)	1,541,564	1,546,876		1,546,876
						(84,355)		(84,355)
								185,247 *
Total State Assistance								
<u>Other Financial Assistance:</u>								
<u>Hudson County:</u>								
Hudson County Health Dept. - Office of the Aging		FY2009	40,000					*
Hudson County Health Dept. - Office of the Aging		FY2010	45,000					*
Hudson County - OEM State Homeland Security		FY2008	16,000					*
								36,908
								33,213
								14,400
<u>Open Space Trust Fund:</u>								
Veterans Field House Construction	N/A	FY2009	100,000					*
Veterans Field House Construction	N/A	FY2009	97,000					*
Library Reading Park Construction	N/A	FY2009	50,000					*
LEED Improvements at Veteran's Field	N/A	FY2010	175,000					*
All Season Multipurpose Veteran's Field	N/A	FY2010	350,000					*
Brighton Avenue Playground	N/A	FY2010	200,000					*
								(24,106) *
								24,106
								*
								16,765
								*

TOWN OF KEEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Twelve Month Period Ended December 31, 2010

Grant number	Grant period	Award Amount	Balance December 31, 2009	Cash Received	Budgetary Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2010	MEMO Total Expenditures
							*	3,250
Other Miscellaneous Local Assistance:							*	
Library-Bill Gates-Computers	N/A	FY2008	3,250		1,300	2,265	965	1,482
Jersey Fresh Grant	N/A	2010	1,482		1,482			68,400
NJ Transit Reforestation Plan	N/A	2010	68,400		68,400			18,750
Port Security Grant	N/A	2010	75,000		18,750			*
Total Other Financial Assistance								
Total Federal and State Grant Fund:								
General Capital Fund:							*	
Department of Transportation:							*	
Supplemental-Street Resurfacing Davis Ave.							(128,435)	300,000
Various Road and Sewer Repairs							(82,525)	310,000
Elm Street & Laural Ave Road Signal and Road Imp								86,533
Road Improvements and Traffic Signals for Belgrave								
Dr./Woodland Ave and Seely Ave/Elm St.								
Green Acres Grant:								
Multi-Park Improvements							(500,000)	42,962
Harvey Field Soccer Field							(435,000)	435,000
Waterfront Property Acquisition (Magullian Property							(574,500)	574,500
Hudson County Open Space:								
Various Capital Improvements								
Total General Capital Fund:								
Total State Awards/Other Awards								

Multi-Park Improvements
Harvey Field Soccer Field
Waterfront Property Acquisition (Magullian Property
Hudson County Open Space:
Various Capital Improvements

Total General Capital Fund:
Total State Awards/Other Awards

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 31,2010

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
Current Fund	\$319,437	\$1,546,876	\$55,574	\$1,921,887
Community Development Grant Fund	791,688			791,688
General Capital Fund		1,735,800		1,735,800
	<u>\$1,111,125</u>	<u>\$3,282,676</u>	<u>\$55,574</u>	<u>\$4,449,375</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 31,2010
(CONTINUED)

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The Town's federal and state loans outstanding at December 31, 2010, 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	\$8,814,862
State of New Jersey Environmental Infrastructure	
Trust Loan Program - Utility Capital Fund	1,437,735
State of New Jersey Green Acres Bond Act	<u>729,866</u>
	<u>\$10,982,463</u>

TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31,2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards Section

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

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

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

Internal Control over compliance:

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

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

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

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

14.219

Community Development Block Grant - Sellers Street Reconstruction Phase I

TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31,2010

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? yes X no

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

Internal Control over compliance:

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

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>2830-763-250120-50</u>	<u>Urban Enterprise Zone Program-Zone Fire Engine Custom Pumper</u>
<u>4800-533-852000-60</u>	<u>Green Acres Grant - Multi Park Improvements</u>
<u>4800-533-852000-60</u>	<u>Green Acres Grant - Harvey Field Soccer Field Improvements</u>
<u>4500-533-852000-60</u>	<u>Green Acres Grant - Waterfront Property Acquisition (Magullian Property)</u>

TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31,2010
(continued)

Section II - Schedule of Financial Statement Findings

None

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

None

STATUS OF PRIOR YEAR FINDINGS

None

TOWN OF KEARNY

GENERAL COMMENTS

Contracts and Agreements

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 \$21,000 and with a qualified purchasing agent the threshold may be up to \$29,000. On May 13, 2008, the Town increased the bid threshold to \$29,000 as allowed by law for having a qualified purchasing agent.

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:

Manor Playground Improvements	Permanent Road Repairs Associated with Water
Water Meter Reading, Billing, Collection, and	Infrastructure Emergency Repairs
Customer Service Services	Traffic Signal at Belgrave Dr./Woodland Ave
Tappan Playground Improvements	and Elm St/Seeley Ave
Replacement of Approximately 6,783 Water Meters	Shade Tree Truck
Landscaping Services	Central Avenue Water Improvements
Purchase of a Custom Pumper Fire Apparatus	Firefighter Emergency Self Rescue Harness
Two Remote Video Surveillance Trailers for the	Bergen Avenue Road and Sanitary Sewer Repairs
Police Department	Madison Ave Drainage Improvements
Harvey Field Improvements	Wilson Ave Drainage Improvements
Bergen Avenue Traffic Signal	

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.

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.

TOWN OF KEARNY

GENERAL COMMENTS, (continued)

The governing body on January 4, 2010 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, taxes are payable in quarterly installments on February 1, May 1, August 1 and November 1 of each year and installments become delinquent if not paid on or before these dates,

THEREFORE, BE IT RESOLVED that Mayor and Council authorize an interest charge of 8% per annum, upon delinquent installments of taxes and assessments; and

BE IT FURTHER RESOLVED, that the Mayor and Council authorize an interest charge of 18% per annum upon delinquent installments of taxes in excess of \$1,500.00 and an additional penalty of 6% on delinquencies in excess of \$10,000.00 at the end of the calendar year and,

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

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 1, 2010 and was complete.

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

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

	<u>Number of Liens</u>
Year Ended December 31, 2010	19
Six Month Period Ended	
December 31, 2009	17
Year Ended June 30, 2009	16

TOWN OF KEARNY

GENERAL COMMENTS, (continued)

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, 2010, 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.

OTHER COMMENTS

U.E.Z. Department

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

Finance/Treasurer

- 1.* The portion of employees' unemployment withholdings for state unemployment insurance that are to be retained by the Town are not being received and/or deposited into the Unemployment Trust Fund as required under the Benefit Reimbursement Method.
2. Expenditures were charged to incorrect budget accounts.
3. The Town purchased a GMC Sierra 2500 with Snow Plow without advertising for public bids.
4. Petty cash funds in use by the Town do not agree with the Division of Local Government Services approved amounts in accordance with N.J.S.A. 40A:5-21 entitled "Petty Cash Fund of Local Unit".
5. Monthly Bill Lists are not being approved through resolution by Mayor and Council.

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 Mayor and Council.

Municipal Court

- 1.* The reconciled cash bail per the bank account does not agree to the Bail on Account per the ATS/ACS systems.
2. There were 401 tickets assigned over 180 days on the December monthly management report.

TOWN OF KEARNY

RECOMMENDATIONS

U.E.Z. Department

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

Finance/Treasurer

- 1.* The percentage portion of the employees' unemployment withholdings due to the Unemployment Trust Fund be recouped from the payroll service provider and deposited into the Unemployment Trust Fund.
2. That more care be taken to ensure proper accounts are charged for expenditure made.
3. That all purchases above the bid threshold be advertised for public bid.
4. Petty cash funds in use by the Town do not agree with the Division of Local Government Services approved amounts in accordance with N.J.S.A. 40A:50-21 entitled "Petty Cash Fund of Local Unit".
5. That all monthly bill lists be approved through resolution by Mayor and Council.

Municipal Clerk

1. That official minutes of Mayor and Council meetings be signed by the Town Clerk.
2. That official minutes of Mayor and Council be reviewed and approved by Mayor and Council.

Municipal Court

- 1.* That Bail on Account should agree to the reconciled cash in the Bail Account on a monthly basis.
2. That tickets assigned over 180 days be recalled and reassigned.

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

July 11, 2011