

**TOWN OF KEARNY**

**Financial Statements With  
Supplementary Information**

**December 31, 2011**

**(With Independent Auditors' Reports Thereon)**

## TOWN OF KEARNY

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets-regulatory basis of the various funds and account group of the Town of Kearny in the County of Hudson, as of and for the years ended December 31, 2011 and 2010, 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, 2011. 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.



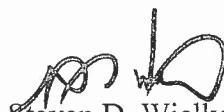
Honorable Mayor and  
Members of the Town Council  
Page 2.

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, 2011 and 2010 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, 2011 and 2010, 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, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 14, 2012 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

June 14, 2012

**Exhibit A**

**TOWN OF KEARNY, N.J.**

**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**December 31, 2011 and 2010**

	<u>Ref.</u>	Dec. 31, <u>2011</u>	Dec. 31, <u>2010</u>
<b>Assets</b>			
Regular Fund:			
Current Assets:			
Cash - Operating Accounts	A-4	\$ 1,816,830	5,147,312
Cash - Change Fund	A-5	800	800
		<u>1,817,630</u>	<u>5,148,112</u>
Due from State of New Jersey per			
Ch. 129, P.L. 1976	A-7	3,931	4,431
State Aid	A-26	6,464,263	6,341,498
		<u>6,468,194</u>	<u>6,345,929</u>
		<u>8,285,824</u>	<u>11,494,041</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-8	1,687,914	1,782,982
Tax Title Liens	A-9	5,621,975	8,232,556
Property Acquired for Taxes -			
Assessed Valuation	A-10	2,943,200	1,593,100
Revenue Accounts Receivable	A-11	71,031	101,573
Interfunds Receivable:			
Water Utility Capital Fund	A-18	86,985	247,622
Other Trust Fund	A-18	567	350
		<u>10,411,672</u>	<u>11,958,183</u>
		<u>18,697,496</u>	<u>23,452,224</u>
Federal and State Grant Fund:			
Cash - Operating Accounts	A-4	5,112,698	1,343,695
Grants Receivable	A-12	5,052,083	4,681,555
		<u>10,164,781</u>	<u>6,025,250</u>
	\$	<u>28,862,277</u>	<u>29,477,474</u>

**Exhibit A****TOWN OF KEARNY, N.J.****Comparative Balance Sheet - Regulatory Basis****Current Fund****December 31, 2011 and 2010**

	<u>Ref.</u>	Dec. 31, <u>2011</u>	Dec. 31, <u>2010</u>
Liabilities, Reserves and Fund Balance			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3/A-13	\$ 206,710	891,195
Unencumbered	A-3/A-13	765,263	1,147,702
Reserve for:			
Maintenance of Free Public Library w/ State Aid	A-15	87,470	80,011
Tax Appeals	A-17		1,500,000
Retroactive Pay	A-14		313,283
Tax Overpayments	A-16	136,034	102,805
Due to Library	A-23	216,622	187,406
Due to State of N.J.-DCA Fees	A-22		5,041
County Taxes Payable	A-19		15,449
Prepaid Taxes	A-21	355,155	286,836
		1,767,254	4,529,728
Reserve for Receivables	Contra	10,411,672	11,958,183
Fund Balance	A-1	6,518,570	6,964,313
		18,697,496	23,452,224
Federal and State Grant Fund			
Reserve for:			
Encumbrances	A-27	2,357,666	649,154
Appropriated Grants	A-24	2,769,439	4,161,301
Urban Enterprise Zone	A-28	5,037,676	1,214,795
		10,164,781	6,025,250
	\$	28,862,277	29,477,474

See accompanying notes to financial statements.

**Exhibit A-1**

**TOWN OF KEARNY, N.J.**

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

**Current Fund**

**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Revenues and Other Income:		
Fund Balance Utilized	\$ 5,000,000	6,792,348
Miscellaneous Revenue Anticipated	32,672,316	29,421,362
Receipts from Delinquent Taxes	2,013,178	1,288,147
Receipts from Current Taxes	98,760,974	95,519,098
Non-Budget Revenue	482,167	607,353
Other Credits to Income:		
Grants Canceled	633,763	773,519
Prior Years Interfunds Returned	247,622	1,217,106
Cancellation of Reserves	1,500,000	
Unexpended Balance of Appropriation Reserves	912,824	2,754,903
Total Revenues and Other Income	<u>142,222,844</u>	<u>138,373,836</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	29,774,783	30,620,500
Other Expenses	27,684,670	27,675,269
Municipal Debt Service	7,715,765	7,573,833
Deferred Charges	463,982	766,576
Statutory Expenditures	7,936,578	4,032,613
	<u>73,575,778</u>	<u>70,668,791</u>
Prior Year Tax Court Judgement Refunds	158,711	130,626
Grants Receivable Canceled	595,730	764,405
Interfund Advances		204,592
Prior Year Revenue Refunded	2,771	101,500
County Taxes	17,333,217	16,247,042
Local District School Tax	46,002,380	45,449,873
Total Expenditures	<u>137,668,587</u>	<u>133,566,829</u>
Statutory Excess to Fund Balance	4,554,257	4,807,007
Fund Balance, January 1,	<u>6,964,313</u>	<u>8,949,654</u>
	11,518,570	13,756,661
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>5,000,000</u>	<u>6,792,348</u>
Fund Balance, December 31,	<u>\$ 6,518,570</u>	<u>6,964,313</u>

See accompanying notes to the financial statements.

## TOWN OF KEARNY, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	<u>Realized</u>	Excess or (Deficit)
Fund Balance Anticipated	\$ 5,000,000	5,000,000	
<b>Miscellaneous Revenues:</b>			
Licenses:			
Alcoholic Beverages	\$ 50,000	50,709	709
Other	84,000	89,586	5,586
Fees and Permits:	171,000	156,832	(14,168)
Fines and Costs:			
Municipal Court	1,144,000	1,020,028	(123,972)
Interest and Costs on Taxes	325,000	373,266	48,266
Parking Meters	243,000	200,824	(42,176)
Interest on Investments and Deposits	73,000	6,907	(66,093)
Hackensack Meadowlands Development Corporation - Tax Sharing	4,066,000	4,045,611	(20,389)
Hartz Mountain Lease Agreement	122,000	122,736	736
Consolidated Municipal Property Tax Relief Aid	112,192	112,192	
Energy Receipts Tax	18,353,297	18,353,297	
Uniform Construction Code Fees	500,000	535,377	35,377
State and Federal Revenues Offset w/ Appropriations:			
KUEZ Sellers Street, Phase II - 11-192	1,059,500	1,059,500	
KUEZ Streetscape, Phase V - 11-270	535,050	535,050	
KUEZ Kearny Avenue Resurfacing - 11-269	568,641	568,641	
KUEZ Public Safety Project Yr. 3 - 11-441	132,210	132,210	
KUEZ FY2011 Administration - 12-13	120,291	120,291	
KUEZ Kearny Clean Project, Yr. 3	116,783	116,783	
2011 Municipal Alliance	42,197	42,197	
2010 Over the Limit Under Arrest	5,000	5,000	
Assistance to Firefighters FY2010	139,163	139,163	
2008 Recycling Tonnage Grant	37,663	37,663	
2011 H1N1 Corrective Action Grant	10,000	10,000	
2011 Office on Aging Grant	55,000	55,000	
2011 Clean Communities	44,209	44,209	
2010 Hudson County Open Space - All Season Surface at Veteran's Field	100,000	100,000	
2010 Hudson County Open Space - Magullian Property Riverbank Park Development	300,000	300,000	
2007 Hudson County Open Space - Veteran's Field House Construction	110,000	110,000	
2011 Justice Assistance Grant	13,329	13,329	
2009 Recycling Tonnage Grant	54,337	54,337	
2011 Over the Limit Under Arrest	4,400	4,400	
FY2010 Emergency Management Assistance	10,000	10,000	
2010 Body Armor Replacement Fund	10,214	10,214	

## TOWN OF KEARNY, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	<u>Realized</u>	Excess or (Deficit)
<b>Other Special Items:</b>			
Uniform Fire Safety Act	106,000	118,919	12,919
Kearny Municipal Utilities Authority Sludge Removal	860,000	860,000	
Franchise Fees Cable TV	283,000	312,864	29,864
Recycling Revenue	150,000	225,349	75,349
Police Private Duty Fees	75,000	99,340	24,340
PVSC User Fees	40,000	43,999	3,999
Clean Earth	75,000	68,079	(6,921)
General Capital Surplus	500,000	500,000	
Reserve for Payment of Debt	917,657	917,657	
New Jersey Meadowlands Lease Agreements	807,000	925,874	118,874
PILOT Payments	65,000	64,883	(117)
Total Miscellaneous Revenues	32,590,133	32,672,316	82,183
Receipts from Delinquent Taxes	1,402,617	2,013,178	610,561
<b>Subtotal General Revenues</b>	<b>38,992,750</b>	<b>39,685,494</b>	<b>692,744</b>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes			
	<u>37,394,724</u>	<u>37,975,377</u>	<u>580,653</u>
Budget Totals	76,387,474	77,660,871	1,273,397
Non-Budget Revenue		482,167	482,167
	\$ <u>76,387,474</u>	<u>78,143,038</u>	<u>1,755,564</u>

**Exhibit A-2**

**TOWN OF KEARNY, N.J.**

**Statement of Revenues - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2011**

**Analysis of Realized Revenues**

Revenue from Current Tax Collections	\$ 98,760,974
Allocated to County of Hudson	\$ 17,333,217
Local School District	<u>46,002,380</u>
	<u>63,335,597</u>
Balance for Support of Municipal Budget Appropriations	35,425,377
Add : Appropriation - Reserve for Uncollected Taxes	<u>2,550,000</u>
Amount for Support of Municipal Budget Appropriations	\$ <u>37,975,377</u>
Receipts from Delinquent Taxes:	
Delinquent Taxes	1,726,898
Tax Title Liens	<u>286,280</u>
	\$ <u>2,013,178</u>

**Analysis of Non-budget Revenues**

**Miscellaneous Revenue Not Anticipated**

Response Calls - NJTP	\$ 3,640
Refunds	966
Motor Vehicle Inspection Fines	1,868
Tax Sale Costs	4,617
County and State Reimbursements	118,611
NSF Checks	585
Property Maintenance Reimbursements	2,475
Medical and Dental Reimbursements	242,779
Access Agreement - Occidental Chemical	24,000
Auction and Sale of Assets	48,108
Marriage and Civil Union Ceremony Fees	3,325
Rentals and Lease	1,485
Health Services	7,650
S/C Administration Fee	5,413
Miscellaneous	<u>16,645</u>
	\$ <u>482,167</u>

See accompanying notes to the financial statements.

## TOWN OF KEARNY, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Cancelled
<b>General Government:</b>					
Administration:					
Salaries and Wages	\$ 105,000	105,500	105,433		67
Other Expenses:					
Misc. Other Expenses	60,000	47,000	43,739		3,261
Mayor and Council					
Salaries and Wages	95,000	98,000	97,687		313
Other Expenses	5,000	5,000	3,861		1,139
Town Clerk					
Salaries and Wages	160,000	150,500	150,404		96
Other Expenses	25,000	20,000	15,294		4,706
Elections:					
Salaries and Wages	5,000	5,000	4,330		670
Other Expenses	30,000	29,500	29,025		475
Legal:					
Other Expenses	700,000	700,000	615,821		84,179
Prosecutor:					
Other Expenses	50,000	47,500	46,606		894
Auditor:					
Other Expenses	88,500	88,500			88,500

## TOWN OF KEARNY, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	Budget after Modification and Transfer	Paid or <u>Charged</u>	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>
Engineering:					
Other Expenses	75,000	90,500	90,101	399	
Public and Industrial Development:					
Other Expenses	5,000	3,000	390	2,610	
Insurance:					
Life Insurance for Employees	57,500	56,000	55,628	372	
Employee Hospitalization	9,831,390	9,831,390	9,677,894	153,496	
Other Insurance	32,500	31,500	31,004	496	
Dedicated Insurance Fund	700,000	650,000	650,000		
Municipal Court					
Salaries and Wages	430,000	414,000	413,328	672	
Other Expenses	40,000	30,000	27,744	2,256	
Public Defender:					
Salaries and Wages	30,000	32,500	32,500		
Financial Administration:					
Treasurer:					
Salaries and Wages	367,000	347,500	347,409	91	
Other Expenses	75,000	60,000	58,067	1,933	
Assessment of Taxes:					
Salaries and Wages	122,000	122,000	121,766	234	
Other Expenses	50,000	64,000	60,968	3,032	

## TOWN OF KEARNY, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<b>Collection of Taxes:</b>					
Salaries and Wages	179,000	219,500	179,155		40,345
Other Expenses	25,000	15,000	13,519		1,481
<b>Public Safety:</b>					
Police:					
Salaries and Wages	14,200,000	14,142,000	14,141,022		978
Other Expenses	350,000	432,500	422,002		10,498
Uniform Fire Safety Act: (P.L. 1983 Chap. 383)					
Fire:					
Salaries and Wages	10,170,000	10,183,000	10,182,834		166
Other Expenses	160,000	160,000	158,495		1,505
Health and Welfare					
Board of Health					
Salaries and Wages	447,000	424,500	424,129		371
Other Expenses	60,000	40,000	40,000		
Intercounty Council on Drugs	6,000	6,000	6,000		
Board of Health-Contractual agreement	80,000	75,500	75,271		229
Meals on Wheels Program					
Other Expenses	35,000	35,000	35,000		33,716
Animal License					
Other Expenses	50,000	74,500	74,500		1,284

## TOWN OF KEARNY, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	Budget after Modification and Transfer	Paid or <u>Charged</u>	Reserved	Unexpended Balance <u>Canceled</u>
Shelter Workshop for Handicapped					
Other Expenses	22,000	22,000		22,000	
Department of Public Works					
Streets and Roads:					
Salaries and Wages	1,600,000	1,467,000	1,458,495		8,505
Other Expenses	375,000	405,000	393,554		11,446
Shade Tree:					
Salaries and Wages	510,000	525,000	524,523		477
Other Expenses	160,000	305,000	301,999		3,001
Public Buildings and Grounds:					
Salaries and Wages	180,000	153,000	152,002		998
Other Expenses	275,000	305,000	301,452		3,548
Vehicle Maintenance:					
Salaries and Wages	185,000	190,000	189,563		437
Other Expenses	160,000	160,000	158,611		1,389
Recreation and Parks:					
Recreation:					
Unified Recreation Committee	175,000	164,000	163,788		212
Other Expenses	60,000	50,000	47,168		2,832
Parks and Playgrounds:					
Other Expenses:	40,000	40,000	38,770		1,230

## TOWN OF KEARNY, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	Budget after Modification and Transfer	Paid or <u>Charged</u>	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>
<b>Celebration of Public Events:</b>					
Other Expenses:	35,000	25,000	15,389		9,611
Senior Citizen Center	200,000	198,000	197,670		330
Salaries and Wages	15,000	15,000	11,545		3,455
Other Expenses					
<b>Construction Code Enforcement</b>					
Salaries and Wages	600,000	633,000	632,431		569
Other Expenses	50,000	35,000	34,144		856
<b>Zoning Commission</b>					
Salaries and Wages	3,000	3,000	2,900		100
Other Expenses	25,000	13,000	11,444		1,556
<b>Board of Appeals</b>					
Salaries and Wages	1,000	1,000			
Other Expenses	2,500				
<b>Planning Board</b>					
Salaries and Wages	3,000	3,000	2,700		300
Other Expenses	25,000	13,000	7,014		5,986
	50,000	60,000	51,785		8,215
<b>Parking Lot Lease Payment</b>					
Management Information					
Salaries and Wages	80,000	77,000	74,915		2,085
Other Expenses	70,000	70,000	66,394		3,606

## TOWN OF KEARNY, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<b>Unclassified:</b>					
Electricity and Gas	475,000	450,000	382,869		67,131
Street Lighting	675,000	685,000	622,232		62,768
Communications	275,000	235,000	225,371		9,629
Gasoline	315,000	355,000	346,195		8,805
Postage	50,000	50,000	49,644		356
North Hudson Community Action Council	10,000	10,000	10,000		
Rental of Pumps	25,000	5,000	4,703		297
Landfill and Solid Waste Disposal Costs					
Garbage and Trash Removal:					
Contractual	1,150,000	1,150,000	1,150,000		
Bailier Fees	1,700,000	1,780,000	1,770,762		9,238
Total Operations within "CAPS"	48,477,390	48,488,390	47,845,674		642,716
B. Contingent	2,000	2,000			2,000
Total Operations Including Contingent-within "CAPS"	48,479,390	48,490,390	47,845,674		644,716
Detail:					
Salaries & Wages	29,847,000	29,658,000	29,598,984		59,016
Other Expenses (Including Contingent)	18,632,390	18,832,390	18,246,690		585,700

## TOWN OF KEARNY, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<b>(E) Deferred Charges and Statutory Expenditures-Municipal within "CAPS"</b>					
Deferred Charges					
Anticipated Deficit in Water Utility Budget	486,842	486,842	463,982		22,860
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	886,435	897,435	828,936		68,499
Social Security System (O.A.S.I.)	850,000	803,000	802,849	151	
Consolidated Police and Firemen's Pension	105,000	105,000	102,025		2,975
Police and Firemen's Retirement System	5,992,617	5,992,617	5,992,617		
Unemployment Insurance	185,000	210,000	198,247		11,753
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	8,505,894	8,494,894	8,388,656	11,904	94,334
Total General Appropriations for Municipal Purposes within "CAPS"	56,985,284	56,985,284	56,234,330	656,620	94,334
Maintenance of Free Public Library (Ch. 82 & 541, P.L. 1985)	1,215,000	1,215,000	1,106,357	108,643	
Passaic Valley Sewer Commission: Share of Costs					
Town Share of Operating Expenses	3,903,000	3,903,000	3,902,004		996
Employee Hospitalization	518,610	518,610	368,610		150,000
Total Other Operations - Excluded from "CAPS"	5,636,610	5,636,610	5,376,971	108,643	150,996

## TOWN OF KEARNY, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<b>Public and Private Programs Offset by Revenues</b>					
Clean Communities	44,209	44,209			44,209
2010 Emergency Management	10,000	10,000			10,000
2009 Area Agency on Aging	45,000	45,000			45,000
Over the Limit Under Arrest (1)	4,400	4,400			4,400
Assistance to Firefighters Grant FY 10	139,163	139,163			139,163
Assistance to Firefighters Grant FY 10-Match	15,462	15,462			15,462
Municipal Alcohol Education/Rehabilitation	42,197	42,197			42,197
UEZ Clean Project Year 3	116,783	116,783			116,783
Over the Limit Under Arrest (2)	5,000	5,000			5,000
UEZ Public Safety Project Year 3	132,210	132,210			132,210
2010 All Season Surface at Veterans Field-Hudson	100,000	100,000			100,000
2010 Magullian Property River Bank-Hudson	300,000	300,000			300,000
Recycling Tonnage Grant (1)	54,337	54,337			54,337
Recycling Tonnage Grant (2)	37,663	37,663			37,663
Edward Byrne 2011	13,329	13,329			13,329
Area Plan Grant 2011	10,000	10,000			10,000
Body Armor	10,214	10,214			10,214
UEZ Kearny Ave Streetscape Phase V	535,050	535,050			535,050
UEZ Kearny Ave Resurfacing	568,641	568,641			568,641

## TOWN OF KEARNY, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	Budget after Modification and Transfer	Paid or <u>Charged</u>	Reserved	Unexpended Balance <u>Canceled</u>
Local Public Health Response to H1N1	10,000	10,000	10,000		
UEZ Sellers Street Reconstruction-Phase 2	1,059,500	1,059,500	1,059,500		
2007 Veterans Field Construction-Hudson County	110,000	110,000	110,000		
UEZ 2012 Administration	120,291	120,291	120,291		
Total Public and Private Programs Offset by Revenues	<u>3,483,449</u>	<u>3,483,449</u>	<u>3,483,449</u>		
Total Operations-Excluded from "CAPS" Detail:	<u>9,120,059</u>	<u>9,120,059</u>	<u>8,860,420</u>	<u>108,643</u>	<u>150,996</u>
Salaries and Wages	116,783	116,783	116,783		
Other Expenses	9,003,276	9,003,276	8,743,637	108,643	150,996
Municipal Debt Service - Excluded from "CAPS"					
Green Trust Loan Program	59,759	59,759	59,758	1	
Loan Repayments for Principal and Interest					
N.J. Wastewater Treatment Trust	824,026	824,026	807,661		
Loan Repayments for Principal and Interest	5,020,000	5,020,000	5,020,000		
Payment of Bond Principal	1,776,971	1,776,971	1,776,971		
Interest on Bonds	51,375	51,375	51,375		
Interest on Notes					
Total Municipal Debt Service-Excluded from "CAPS"	<u>7,732,131</u>	<u>7,732,131</u>	<u>7,715,765</u>		<u>16,366</u>

**Exhibit A-3**

TOWN OF KEARNY, N.J.

**Statement of Expenditures - Regulatory Basis**

Current Fund

Year Ended December 31, 2011

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>16,852,190</u>	<u>16,852,190</u>	<u>16,576,185</u>	<u>108,643</u>	<u>167,362</u>
Subtotal General Appropriations	<u>73,837,474</u>	<u>73,837,474</u>	<u>72,810,515</u>	<u>765,263</u>	<u>261,696</u>
Reserve for Uncollected Taxes	<u>2,550,000</u>	<u>2,550,000</u>	<u>2,550,000</u>		
Total General Appropriations	<u>\$ 76,387,474</u>	<u>76,387,474</u>	<u>75,360,515</u>	<u>765,263</u>	<u>261,696</u>
Adopted Budget Added by N.J.S.A. 40A:4-87		<u>75,361,701</u>	<u>1,025,773</u>		
		<u>\$ 76,387,474</u>			
Reserve for Uncollected Taxes Grants Encumbrances Cash					
					<u>2,550,000</u>
					<u>3,483,449</u>
					<u>206,710</u>
					<u>69,120,356</u>
					<u>\$ 75,360,515</u>

See accompanying notes to the financial statements.

**Exhibit B****TOWN OF KEARNY, N.J.****Comparative Balance Sheet - Regulatory Basis****Trust Funds****December 31, 2011 and December 31, 2010**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<b><u>Assets</u></b>			
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>1,150</u>	<u>2,258</u>
		<u>1,150</u>	<u>2,258</u>
Other Trust Funds:			
Cash	B-2	3,116,480	2,690,653
Other Accounts Receivable	B-6	47,443	47,443
Intrafund Accounts Receivable			
Due from Escrow Trust Fund	B-15	<u>216,871</u>	<u>216,871</u>
		<u>3,380,794</u>	<u>2,954,967</u>
Community Development Trust Fund:			
Community Development Grants Receivable	B-7	<u>931,443</u>	<u>489,193</u>
		<u>931,443</u>	<u>489,193</u>
Self-Insurance Trust Fund:			
Cash	B-2	<u>127,291</u>	<u>699,836</u>
		<u>127,291</u>	<u>699,836</u>
Urban Development Action Grant Trust Fund:			
Cash	B-2	904,992	1,033,892
Intrafund Accounts Receivable:			
Community Development Trust Fund	B-15	<u>128,900</u>	<u>1,033,892</u>
		<u>1,033,892</u>	<u>1,033,892</u>
		<u>\$ 5,475,998</u>	<u>5,181,574</u>

## TOWN OF KEARNY, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2011 and December 31, 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Assessment Trust Fund:			
Reserve for Assessments and Liens	B-13	\$ 1,334	1,334
Fund Balance	B-1	<u>94</u>	<u>94</u>
		<u>1,428</u>	<u>1,428</u>
Animal Trust Fund:			
Due to State of New Jersey	B-5	6	
Reserve for Animal Control Expenditures	B-8	<u>1,144</u>	<u>2,258</u>
		<u>1,150</u>	<u>2,258</u>
Other Trust Fund:			
Reserves for:			
Other Expenditures	B-9	3,163,356	2,737,746
Interfunds Accounts Payable:			
Due to Current Fund	B-14	567	350
Intrafund Accounts Payable:			
Due to Affordable Housing Trust Fund	B-15	98,357	98,357
Due to Other Trust Fund	B-15	<u>118,514</u>	<u>118,514</u>
		<u>3,380,794</u>	<u>2,954,967</u>
Community Development Trust Fund:			
Intrafund Accounts Payable:			
Due to Urban Development Action Grant Trust Fund	B-15	128,900	
Reserve for Community Development Block Grants	B-10	<u>802,543</u>	<u>489,193</u>
		<u>931,443</u>	<u>489,193</u>
Self-Insurance Trust Fund:			
Reserve for Self-Insurance	B-11	<u>127,291</u>	<u>699,836</u>
Urban Development Action Grant Trust Fund:			
Reserve for Urban Development Action Grants	B-12	<u>1,033,892</u>	<u>1,033,892</u>
		<u>\$ 5,475,998</u>	<u>5,181,574</u>

See accompanying notes to financial statements.

**Exhibit B-1**

**TOWN OF KEARNY, N.J.**

**Schedule of Fund Balance-Regulatory Basis**

**Assessment Trust Fund**

**Year Ended December 31, 2011**

Balance - December 31, 2010	\$ <u>                </u> 94
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Balance - December 31, 2011	\$ <u>                </u> 94
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See accompanying notes to financial statements.

**Exhibit C**

**TOWN OF KEARNY, N.J.**

**Comparative Balance Sheet - Regulatory Basis**

**General Capital Fund**

**December 31, 2011 and 2010**

	<u>Ref.</u>	Dec. 31, <u>2011</u>	Dec. 31, <u>2010</u>
<b><u>Assets</u></b>			
Cash - Checking Accounts	C-2/C-3	\$ 662	458,148
Accounts Receivable:			
Department of Transportation Grants	C-4	414,237	459,052
Green Acres Grants	C-4	1,509,500	1,509,500
Hudson County Open Space Grants	C-4		110,000
Loans Receivable:			
Environmental Infrastructure Loans	C-5	858,918	858,918
Deferred Charges to Future Taxation:			
Funded	C-6	46,822,717	52,373,728
Unfunded	C-7	8,828,977	7,088,977
		\$ 58,435,011	62,858,323
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
General Serial Bonds	C-9	37,935,000	42,829,000
Bond Anticipation Notes Payable	C-16	5,325,000	3,425,000
New Jersey Wastewater Loan Payable	C-10	8,205,777	8,814,862
Green Acres Trust Loan Payable	C-11	681,940	729,866
Improvement Authorizations:			
Funded	C-13	234,728	422,827
Unfunded	C-13	3,434,763	2,969,468
Interfund Payable - Water Utility Capital Fund	C-8	700,000	
Capital Improvement Fund	C-15	180,947	230,947
Reserve for Receivables	C-12		310,000
Schedule of Reserves	C-14	1,273,764	2,179,928
Fund Balance	C-1	463,092	946,425
		\$ 58,435,011	62,858,323

There were \$3,503,977 and \$3,663,977 of Bonds and Notes Authorized but Not Issued on December 31, 2011 and December 31, 2010 respectively (Exhibit C-17).

See accompanying notes to the financial statements.

**TOWN OF KEARNY, N.J.**

**Statement of Changes in Fund Balance - Regulatory Basis**

**General Capital Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 946,425
Increased by:	
Bond Anticipation Note Premium	16,667
	963,092
Decreased by Disbursements:	
Appropriated as Budget Revenue	500,000
Balance, December 31, 2011	\$ <u>463,092</u>

See accompanying notes to the financial statements.

**Exhibit D**

**TOWN OF KEARNY, N.J.**

**Comparative Balance Sheet - Regulatory Basis**

**Water Utility Fund**

**December 31, 2011 and 2010**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<b>Assets</b>			
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 159,068	335,309
Due from East Orange Water Commission	D-7		88,152
Deficit in Operations	D-1	130,015	43,030
		<u>289,083</u>	<u>466,491</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-8	1,256,893	1,286,628
		<u>1,256,893</u>	<u>1,286,628</u>
Total Water Utility Operating Fund		<u>1,545,976</u>	<u>1,753,119</u>
Capital Fund:			
Cash - Treasurer	D-5,D-6	1,249,938	1,023,435
Loans Receivable			
Environmental Infrastructure Loans	D-10	568,628	1,475,375
Due from General Capital Fund	D-21	700,000	
Fixed Capital	D-12	23,651,385	22,146,385
Fixed Capital Authorized and Uncompleted	D-13	6,500,000	7,000,000
		<u>32,669,951</u>	<u>31,645,195</u>
Total Capital Fund		<u>\$ 34,215,927</u>	<u>33,398,314</u>

## TOWN OF KEARNY, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Water Utility Fund

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-9	20,739	
Reserve for Encumbrances	D-4	40,624	42,716
Interfund Accounts Payable:			
Due to Current Fund	D-11	86,985	247,622
Accrued Interest on Bonds and Notes	D-14	161,474	12,883
		289,083	323,960
Reserve for Receivables	Contra	1,256,893	1,286,628
Fund Balance	D-1		142,531
		1,545,976	1,753,119
Total Water Utility Operating Fund			
Capital Fund:			
Bond Anticipation Notes Payable	D-22	5,300,000	4,300,000
Serial Bonds Payable	D-18	6,798,000	7,073,000
NJ Environmental Infrastructure Loan Payable	D-19	1,366,275	1,437,735
Improvement authorization:			
Funded	D-15	559,274	1,544,083
Unfunded	D-15	2,790,529	2,103,308
Capital Improvement Fund	D-16	57,750	57,750
Reserve for:			
Amortization	D-17	15,462,485	15,111,025
Payment of Debt, Ord. 2010-5	D-18	240,000	
Fund Balance	D-2	95,638	18,294
		32,669,951	31,645,195
Total Capital Fund			
	\$	34,215,927	33,398,314

There were \$1,224,625 and \$1,224,625 of Bonds and Notes Authorized But Not Issued on December 31, 2011 and December 31, 2010 respectively (Exhibit D-23).

See accompanying notes to financial statements.

**Exhibit D-1****TOWN OF KEARNY, N.J.****Comparative Statement of Operations and Changes in  
Fund Balance - Regulatory Basis****Water Utility Operating Fund****Year Ended December 31, 2011 and**

	Dec. 31, <u>2011</u>	Dec. 31, <u>2010</u>
Revenue and other income:		
Operating Surplus Anticipated	\$ 142,531	
Water rents	4,865,129	4,559,557
Water bulk - Cedar Grove	488,013	495,013
Water Capital Surplus	18,294	
Deficit (General Budget)	463,982	766,576
Miscellaneous Revenue	440	900
Unexpended balance appropriation reserve	<u>39,122</u>	
Total revenue and other income	<u>5,978,389</u>	<u>5,861,168</u>
Expenditures:		
Operating	5,064,090	5,160,400
Debt service	784,376	402,805
Deferred charges and statutory expenditures	129,923	138,154
Deficit in Operations in Prior Years	43,030	159,809
Interfund Advanced	<u>86,985</u>	<u>43,030</u>
Total expenditures	<u>6,108,404</u>	<u>5,904,198</u>
Operating Deficit to be Raised in Budget of Succeeding Year	<u>(130,015)</u>	<u>(43,030)</u>
Fund balance, January 1	<u>142,531</u>	<u>142,531</u>
	142,531	142,531
Decreased by utilization by water operating budget	<u>142,531</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**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$	18,294
Increased by:		
Premium on Bond Anticipation Notes	\$	16,589
Cancelled funded improvement authorizations	<u>          </u>	<u>79,049</u>
	<u>          </u>	<u>95,638</u>
		113,932
Decreased by:		
Utilized as Budget Revenue - Operating Fund	<u>          </u>	<u>18,294</u>
Balance, December 31, 2011	\$	<u>          </u> <u>95,638</u>

See accompanying notes to financial statements.

**Exhibit D-3**

**TOWN OF KEARNY, N.J.**

**Statement of Revenues - Regulatory Basis**

**Water Utility Operating Fund**

**Year Ended December 31, 2011**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 142,531	142,531	
Rents	4,559,500	4,576,929	17,429
Rents - Additional	288,200	288,200	
Water Bulk Sales - Cedar Grove	495,000	488,013	(6,987)
Utility Capital Surplus	18,294	18,294	
Miscellaneous		440	440
Deficit (General Budget)	<u>486,842</u>	<u>463,982</u>	<u>(22,860)</u>
	<u>\$ 5,990,367</u>	<u>5,978,389</u>	<u>(11,978)</u>

Analysis of Realized Revenue

Surplus Anticipated	\$ 142,531
Rents	4,865,129
Water Bulk Sales - Cedar Grove	488,013
Utility Capital Surplus	18,294
Miscellaneous	440
Deficit (General Budget)	<u>463,982</u>
	<u>5,978,389</u>

Analysis of Miscellaneous Revenue Not Anticipated

Stand Pipe Permit	300
Recycling Scrap Metal	<u>140</u>
	<u>\$ 440</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, 2011

	<u>Appropriations</u>				
	<u>Budget</u>		<u>Budget</u>	<u>Paid or charged</u>	<u>Reserved</u>
	<u>Budget</u>	<u>after modification</u>			<u>Canceled</u>
Operating:					
Salaries and Wages	\$ 550,000	550,000	547,801		2,199
Other Expenses	700,000	700,000	695,000		5,000
North Jersey Water District Supply	3,822,000	3,822,000	3,821,289		711
Total Operating	5,072,000	5,072,000	5,064,090		7,910
Debt Service:					
General Serial Bonds:					
Payment of Principal	280,000	280,000	280,000		
Interest on Bonds	407,626	407,626	407,626		
Interest on Notes	96,750	96,750	96,750		
	784,376	784,376	784,376		
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures - Contribution to:					
Receivable-East Orange	88,152	88,152	88,152		
Social Security	45,839	45,839	41,771		4,068
Total Deferred Charges and Statutory Expenditures	133,991	133,991	129,923		4,068
	\$ 5,990,367	5,990,367	5,978,389		11,978
	Cash Disbursed	\$ 5,345,237			
	Accrued Interest on Bonds and Notes	504,376			
	Encumbrances	40,624			
	Deferred Charges	88,152			
		\$ 5,978,389			

See accompanying notes to financial statements.

**Exhibit E**

**TOWN OF KEARNY, N.J.**

**Comparative Balance Sheets-Regulatory Basis**

**Public Assistance Trust Fund**

**December 31, 2011 and 2010**

	<u>Ref.</u>	Dec. 31, <u>2011</u>	Dec. 31, <u>2010</u>
<u>Assets</u>			
<u>Goodwill Account</u>			
Cash	E-1	\$ <u>27,650</u>	<u>27,650</u>
		\$ <u>27,650</u>	<u>27,650</u>

Liabilities

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

See accompanying notes to the financial statements.

**Exhibit F**

**TOWN OF KEARNY, N.J.**

**Comparative Balance Sheets-Regulatory Basis**

**Payroll Account**

**December 31, 2011 and 2010**

	<u>Dec. 31,</u> <u>2011</u>	<u>Dec. 31,</u> <u>2010</u>
<b><u>Assets</u></b>		
Cash	\$ 512,512	<u>482,365</u>
	<u>\$ 512,512</u>	<u>482,365</u>
<b><u>Liabilities</u></b>		
Withholdings Payable	\$ 509,739	479,587
Reserve for Net Payroll	<u>2,773</u>	<u>2,778</u>
	<u>\$ 512,512</u>	<u>482,365</u>

See accompanying notes to the financial statements.

**Exhibit G**

**TOWN OF KEARNY, N.J.**

**Comparative Statement of General Fixed Assets-Regulatory Basis**

**December 31, 2011 and 2010**

	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</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>11,745,985</u>
	<u><u>75,578,285</u></u>	<u><u>75,578,285</u></u>
Investment in General Fixed Assets	<u><u>\$ 75,578,285</u></u>	<u><u>75,578,285</u></u>

See accompanying notes to financial statements.

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**

**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, 2011 and 2010**  
**(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, 2011 and 2010**  
**(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, 2011 and 2010**  
**(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, 2011 and 2010**  
**(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, 2011, the governing body approved the insertion of \$1,025,773 in additional revenues and appropriations 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, 2011 and 2010**  
**(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, 2011 and 2010**  
**(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, 2011 and 2010**  
**(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, 2011, \$-0- of the Town's bank balance of \$14,135,133 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, 2011 and 2010**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT**

Long-term debt as of December 31, 2011 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>
<b>Bonds Payable:</b>					
General Obligation Debt	\$42,829,000	\$8,995,000	\$13,889,000	\$37,935,000	\$5,270,000
Water Utility Obligation Debt	<u>7,073,000</u>	<u>105,000</u>	<u>380,000</u>	<u>6,798,000</u>	<u>300,000</u>
Total Bonds Payable	<u>49,902,000</u>	<u>9,100,000</u>	<u>14,269,000</u>	<u>44,733,000</u>	<u>5,570,000</u>
<b>Other Liabilities:</b>					
New Jersey Wastewater Loans - Current	8,814,862		609,085	8,205,777	605,901
New Jersey Wastewater Loans - Water	1,437,735		71,460	1,366,275	71,460
Green Acres Trust Loans	729,866		47,926	681,940	46,453
Compensated Absences Payable	<u>6,848,265</u>	<u>452,684</u>	<u>646,872</u>	<u>6,654,077</u>	
Total Other Liabilities	<u>17,830,728</u>	<u>452,684</u>	<u>1,375,343</u>	<u>16,908,079</u>	<u>723,814</u>
	<u><b>\$67,732,728</b></u>	<u><b>\$9,552,684</b></u>	<u><b>\$15,644,343</b></u>	<u><b>\$61,641,069</b></u>	<u><b>\$6,293,814</b></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, 2011</u>	<u>Year Ended Dec.31, 2010</u>
<b>Issued:</b>		
General Bonds, Notes and Loans	\$52,147,717	\$55,798,728
Municipal Utility Authority*	17,619,671	
Water Utility Bonds, Notes and Loans	<u>13,464,275</u>	<u>12,810,735</u>
Net Debt Issued	<u>83,231,663</u>	<u>68,609,463</u>
<b>Authorized But Not Issued:</b>		
General Bonds and Notes	3,503,977	3,663,977
Water Utility Bonds and Notes	<u>1,224,625</u>	<u>1,224,625</u>
Total Authorized But Not Issued	<u>4,728,602</u>	<u>4,888,602</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$87,960,265</u>	<u>\$73,498,065</u>

\* Guaranteed by the Town of Kearny

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.43%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$13,210,000	\$13,210,000	\$0
General Debt	73,271,365	21,229,435	52,041,930
Utility Debt	<u>14,688,900</u>	<u>14,688,900</u>	0
	<u>\$101,170,265</u>	<u>\$49,128,335</u>	<u>\$52,041,930</u>

Net Debt \$52,041,930 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$3,635,676,351 equals 1.43%.

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

3 ½% of equalized valuation basis (municipal)	\$127,248,672
Net Debt	<u>52,041,930</u>
Remaining borrowing power	<u>\$75,206,742</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	\$5,978,388
Deductions:	
Operating and Maintenance Cost	\$5,194,012
Debt Service per Water Utility	<u>784,376</u>
Total Deductions	<u>5,978,388</u>
Excess in Revenue	<u>\$0</u>

The Water Utility is Self-Liquidating

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(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, 2011:

	<u>Amount Outstanding</u>
<b><u>General Obligation Bonds - Paid by Current Fund</u></b>	
\$13,844,000 General Serial Bonds - with an interest rate from 3.75% to 4.15% issued January 15, 2003 through January 15, 2016	\$1,700,000
\$14,140,000 Refunding Bonds - with an interest rate from 2.00% to 4.25% issued January 15, 2003 through January 15, 2016	1,305,000
\$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	6,035,000
\$7,480,000 Refunding Bonds - with an interest rate from 4.5% to 5.00% issued February 1, 2007, due through February 1, 2016	5,220,000
\$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	4,480,000
\$10,305,000 General Improvement Bonds - with an interest rate from 3.50% to 4.00% issued January 15, 2008, due through January 15, 2021	10,200,000
\$7,915,000 Refunding Bonds, Series 2011 - with an interest rate from 2.00% to 3.00% issued August 5, 2011, due through January 15, 2016	7,915,000
\$1,080,000 Fiscal Year Adjustment Refunding Bonds Series 2011 - with an interest rate from 2.00% to 3.00% issued August 5, 2011, due through January 15, 2016	<u>1,080,000</u>
	<u>\$37,935,000</u>
<b><u>Green Acres Loan - Paid by Current Fund</u></b>	
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	\$2,270
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	144,093
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	171,186
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	120,909
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	<u>243,482</u>
	<u>\$681,940</u>

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(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	\$735,000
\$1,025,000 Trust Bonds Series 1998A - Fund Share - at a zero rate of interest issued November 1, 1998, due through August 1, 2018	790,000
\$1,255,000 Trust Bonds Series 2004A - Trust Share - with an interest rate of 3.0%-5.0% issued November 4, 2004, due through August 1, 2024	1,115,000
\$1,507,371 Trust Bonds Series 2004A - Fund Share - at a zero rate of interest issued November 4, 2004, due through August 1, 2024	565,038
\$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	2,030,028
\$3,623,250 Trust Bonds Series 2007A - Fund Share - at a zero rate of interest issued November 8, 2007, due through August 1, 2027	<u>2,970,711</u>
	<u>\$8,205,777</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, 2011 are as follows:

\$735,000 Water Utility Bonds - with an interest rate of 5.10% issued November 15, 1997, due through August 1, 2016	\$205,000
\$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	693,000
\$300,000 Water Utility Bonds - with an interest rate of 3.75% to 4.15% issued January 15, 2003, due through January 15, 2016	25,000
\$5,925,000 Water Utility Bonds - with an interest rate of 3.50% to 5.25% issued January 15, 2008, due through January 15, 2027	5,770,000
\$105,000 Water Utility Refunding Bonds - with an interest rate from 2.00% to 3.00% issued August 5, 2011, due through January 15, 2016	<u>105,000</u>
	<u>\$6,798,000</u>

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(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	\$350,000
\$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>1,016,275</u>
	<u><u>\$1,366,275</u></u>

The Town's principal and interest for bonds and loans issued and outstanding as of December 31, 2011 is as follows:

	Serial/Refunding Bonds					
	General Capital Debt		Water Utility Capital Debt			<u>Total</u>
<u>Dec.31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2012	\$5,270,000	\$1,410,033	\$300,000	\$276,339		\$7,256,372
2013	5,531,000	1,227,965	325,000	262,932		7,346,897
2014	5,728,000	1,011,538	340,000	248,378		7,327,916
2015	6,000,000	765,778	350,000	232,937		7,348,715
2016	4,846,000	553,827	373,000	217,027		5,989,854
2017-2021	10,560,000	1,112,670	2,100,000	830,625		14,603,295
2022-2026			2,500,000	253,000		2,753,000
2027-2031			510,000	10,200		520,200
	<u><u>\$37,935,000</u></u>	<u><u>\$6,081,811</u></u>	<u><u>\$6,798,000</u></u>	<u><u>\$2,331,438</u></u>		<u><u>\$53,146,249</u></u>

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

**New Jersey Environmental Infrastructure Trust Loans**

<u>Dec.31,</u>	General Capital Fund		Water Utility Capital Fund		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$605,901	\$119,380	\$71,460	\$14,925	\$811,666
2013	618,546	111,380	71,460	14,175	815,561
2014	630,360	102,855	71,460	13,425	818,100
2015	642,664	94,375	71,459	12,675	821,173
2016	652,884	84,700	71,460	11,925	820,969
2017-2021	2,747,598	276,850	372,299	48,025	3,444,772
2022-2026	2,027,442	98,137	392,298	28,175	2,546,052
2027-2031	<u>280,382</u>	<u>4,037</u>	<u>244,379</u>	<u>6,000</u>	<u>534,798</u>
	<u><u>\$8,205,777</u></u>	<u><u>\$891,714</u></u>	<u><u>\$1,366,275</u></u>	<u><u>\$149,325</u></u>	<u><u>\$10,613,091</u></u>

**Green Acres Trust Loan**

<u>Dec.31,</u>	General Capital Fund		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$46,453	\$13,260	\$59,713
2013	44,929	10,246	55,175
2014	45,688	9,486	55,174
2015	46,463	8,710	55,173
2016	47,254	7,919	55,173
2017-2021	248,701	27,164	275,865
2022-2026	170,629	7,743	178,372
2027-2031	<u>31,823</u>	<u>264</u>	<u>32,087</u>
	<u><u>\$681,940</u></u>	<u><u>\$84,792</u></u>	<u><u>\$766,732</u></u>

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**NOTE 4. BOND ANTICIPATION NOTES**

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

On December 31, 2011, the Town had \$5,325,000 in outstanding General Capital bond anticipation notes due June 28, 2012 at 1.25%. The Town also had \$5,300,000 in outstanding Water Utility Capital bond anticipation notes due June 28, 2012 at 1.25%.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes Payable:				
Jefferies & Company	\$3,425,000		\$3,425,000	\$
TD Securities, LLC		5,325,000		5,325,000
Water Utility Capital Notes Payable:				
Jefferies & Company	4,300,000		4,300,000	
TD Securities, LLC	_____	<u>5,300,000</u>	_____	<u>5,300,000</u>
	<u>\$7,725,000</u>	<u>\$10,625,000</u>	<u>\$7,725,000</u>	<u>\$10,625,000</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, 2011</u>	<u>Balance Succeeding Year budget</u>
Water Utility Operating Fund:		
Deficit in Operations	<u>\$130,015</u>	<u>\$130,015</u>
Total Deferred Charges	<u>\$ 130,015</u>	<u>\$130,015</u>

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**NOTE 6. PENSION PLANS**

Description of Systems:

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

*Public Employees' Retirement System (PERS)*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

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

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**NOTE 6. PENSION PLANS, (continued)**

Description of Systems, (continued)

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

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

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

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

*Police and Firemens' Retirement System (PFRS)*

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

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

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**NOTE 6. PENSION PLANS, (continued)**

Description of Systems, (continued)

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

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

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

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, 2011	\$828,936	\$5,992,617
Year Ended December 31, 2010	685,953	5,170,506
Six Month Period Ended		
December 31, 2009	-0-	-0-

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**NOTE 6. PENSION PLANS, (continued)**

**Defined Contribution Retirement Program**

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

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

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

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

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

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

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**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, 2011 was \$6,654,077.

**NOTE 8. FIXED ASSETS**

The following is a summary of General Fixed Assets Account Group as of December 31, 2011:

	<u>Balance</u> <u>Dec.31, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec.31, 2011</u>
Land	\$55,925,900	\$	\$	\$55,925,900
Building	7,906,400			7,906,400
Machinery and Equipment	<u>11,745,985</u>	<u>_____</u>	<u>_____</u>	<u>11,745,985</u>
	<u>\$75,578,285</u>	<u>\$0</u>	<u>\$ -0-</u>	<u>\$75,578,285</u>

**NOTE 9. DUE TO/FROM OTHER FUNDS**

Balances due from/to other funds at December 31, 2011 consist of the following:

\$86,985	Due to the Current Fund from the Water Utility Capital Fund for reimbursement of debt service payments made in error.
567	Due to the Current Fund from the Escrow Trust Fund for interest earnings.
<u>700,000</u>	Due to the General Capital Fund from the Water Utility Capital Fund for interfunds advanced.
<u><u>\$787,552</u></u>	

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

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**NOTE 10. RISK MANAGEMENT**

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

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

Balance - December 31, 2010	\$699,836
Increases:	
Reimbursements	<u>847,729</u>
	1,547,565
Decreases:	
Claims	<u>1,420,274</u>
Balance - December 31, 2011	<u>\$127,291</u>

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

Claims were tested only to the extent of amounts of payment. Accuracy of the claims are necessarily placed on the reliance of Town personnel.

There has been no provisions included in the financial statements for claims incurred but not reported as of December 31, 2011.

**NOTE 11. TAXES COLLECTED IN ADVANCE**

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

	Balance <u>Dec.31, 2011</u>	Balance <u>Dec.31, 2010</u>
Prepaid Taxes	<u>\$355,155</u>	<u>\$286,836</u>
Cash Liability for Taxes Collected in Advance	<u>\$355,155</u>	<u>\$286,836</u>

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES**

We are advised by the Town Counsel that the Town is involved in several legal suits. These legal proceedings are not likely to have a material adverse impact on the affected funds of the Town.

**NOTE 13. FUND BALANCE APPROPRIATED**

The fund balance at December 31, 2011 which has been appropriated as revenue in the 2012 budget is as follows:

Current Fund	\$5,000,000
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**NOTE 14. 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>.

**TOWN OF KEARNY**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**NOTE 14. OTHER POST EMPLOYMENT BENEFITS, (continued)**

**Plan Coverage**

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

**Funding Policy**

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Town of Kearny on a monthly basis. The rates charges by the system for the years ended December 31, 2011 and 2010 were as follows:

The Town of Kearny contributions to SHBP for post-retirement benefits for the years ended December 31, 2011 and 2010 were \$3,585,428 and \$3,391,954, respectively, which equaled the required contribution for each period.

**SUPPLEMENTARY DATA AND SCHEDULES**

## COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	Year Ended December 31,	Year Ended December 31,	Six Month Period Ended December 31,
	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	9.467	9.171	8.947
<u>Apportionment of Tax Rate</u>			
Municipal	3.514	3.387	3.280
County	1.630	1.522	1.522
Local School	4.323	4.262	4.145
<u>Assessed Valuation</u>			
Year Ended December 31, 2011	\$1,060,844,100		
Year Ended December 31, 2010		\$1,066,596,554	
Six Month Period Ended December 31, 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, 2011	\$100,761,784	\$98,760,974	98.01 %
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

## 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, 2011	\$5,621,975	\$1,687,914	\$7,309,889	7.25%
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

## **PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION**

The value of properties acquired by liquidation of tax title liens on December 31, 2011 on the basis of the last assessed valuation of such properties, was as follows:

	<u>Amount</u>
Year Ended December 31, 2011	\$2,943,200
Year Ended December 31, 2010	1,593,100
Six Month Period Ended	
December 31, 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, 2011	\$6,518,570	\$5,000,000
	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
Water Utility Operating	Dec. 31, 2011	\$ -0-	\$ -0-
	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

## **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	
Michael Martello	Business Administrator	
Patricia Carpenter	Town Clerk	
Shuaib Firozvi	Chief Financial Officer/Tax Collector	
Norman A. Doyle	Municipal Court Judge	
Nancy Waller	Municipal Court Administrator (retired 4/1/11)	
Melissa Murray	Municipal Court Administrator (from 4/1/11)	
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.

**Exhibit A-4**

**TOWN OF KEARNY, N.J.**

**Cash Receipts and Disbursements -Treasurer**

**Current Fund**

**Year Ended December 31, 2011**

	Current <u>Fund</u>	Federal and State Grant <u>Fund</u>
Balance, December 31, 2010	\$ 5,147,312	1,343,695
Increased by Receipts:		
Tax Collector	100,007,952	
Miscellaneous Revenue Not Anticipated	482,167	
Due From State of New Jersey	179,452	
Petty Cash	1,700	
Tax Title Lien Redemptions	286,280	
Revenue Accounts Receivable	10,738,840	
State and Federal Grants Receivable		2,517,191
Interfunds	286,111	
Reserve for UEZ		
Reserve for Maintenance of Free Public		
Library with State Aid	18,748	
Tax Overpayments	253,796	
Prepaid Taxes	355,155	
Due to State - DCA Fees	49,660	
State Aid Receivable	18,342,724	
Reserve for Urban Enterprise Zone		3,822,881
	<hr/>	<hr/>
	131,002,585	6,340,072
	<hr/>	<hr/>
	136,149,897	7,683,767
Decreased by:		
Current Year Budget Appropriations	69,120,356	
Petty Cash	1,700	
Appropriation Reserves	1,096,857	
Reserve for Maintenance of Free Public		
Library with State Aid	11,289	
Due to State - DCA Fees	54,701	
Interfunds	14,891	38,489
Encumbrances Payable		648,698
Tax Overpayments	210,233	
County Taxes Payable	17,348,666	
Local District School Taxes	46,002,380	
Prior Year Tax Court Judgement Refunds	158,711	
Reserve for Retroactive Pay	313,283	
Appropriated Reserves for Grants		<hr/> 1,883,882
	<hr/>	<hr/>
	134,333,067	2,571,069
Balance, December 31, 2011	<hr/> \$ 1,816,830	<hr/> 5,112,698

**Exhibit A-5**

**TOWN OF KEARNY, N.J.**

**Schedule of Cash - Change Fund**

**Current Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ <u>                800</u>
Balance, December 31, 2011	\$ <u>                800</u>

**Exhibit A-6**

**Schedule of Cash - Petty Cash**

**Current Fund**

**Year Ended December 31, 2011**

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

**Exhibit A-7**

**TOWN OF KEARNY, N.J.**

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

**Current Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$	4,431
Increased by:		
Senior Citizens' Deductions Per Tax Billing	\$	39,000
Veterans' Deductions Per Tax Billing		141,750
Senior Citizen's, Veteran's, and Disabled Allowed	<u>        </u>	<u>4,750</u>
		<u>185,500</u>
		189,931
Decreased by:		
Senior Citizen Deductions Disallowed		2,750
Senior Citizen Deductions Disallowed - 2010		3,798
State Share of Senior Citizens and Veteran Deductions Received in Cash	<u>        </u>	<u>179,452</u>
		<u>186,000</u>
Balance, December 31, 2011	\$	<u>3,931</u>

**Schedule of Taxes Receivable and Analysis of Property Tax Levy  
TOWN OF KEARNY, N.J.**

Current Fund

Year Ended December 31, 2011

<u>Year</u>	<u>Balance, Dec. 31, 2010</u>	<u>Levy</u>	<u>Collected 2010</u>	<u>2011</u>	<u>Senior Citizen and Veteran Deductions</u>	<u>Transferred to Tax Title Lien</u>	<u>Canceled</u>	<u>Balance, Dec. 31, 2011</u>
2008	6,630							6,630
2009	9,744							9,744
2010	3,039							3,039
2010	1,763,569	3,798		1,726,898		25,144		15,325
	1,782,982			1,726,898	(3,798)	25,144		34,738
2011		100,761,784	286,836	98,291,388	182,750	344,854	2,780	1,653,176
	\$ 1,782,982	100,761,784	286,836	100,018,286	178,952	369,998	2,780	1,687,914
					OvertPayments Applied	10,334		
					Cash Receipts	100,007,952		
						\$ 100,018,286		

Analysis of Tax Levy

Tax yield.

### **General Purpose Tax Added/Omitted Taxes**

Tax Levy:  
Local District School Tax  
County Tax  
County Added and Omitted Taxes

\$ 46,002,380	\$ 63,355,597
<u>\$ 17,327,035 6,182</u>	<u>17,333,217</u>

Local Tax for Municipal Purposes  
Additional Taxes

37,426,187

**Exhibit A-9**

**TOWN OF KEARNY, N.J.**

**Schedule of Tax Title Liens Receivable**

**Current Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 8,232,556
Increased by:	
Interest and Costs of Tax Sale	\$ 3,598
6% Year End Penalty Assessed	17,838
Transfers from 2011 Taxes Receivable	344,854
Transfers from 2010 Taxes Receivable	<u>25,144</u>
	<u>391,434</u>
	8,623,990
Decreased by:	
Redemptions	\$ 286,280
Foreclosures	<u>2,715,735</u>
	<u>3,002,015</u>
Balance, December 31, 2011	\$ <u>5,621,975</u>

**Exhibit A-10**

**Schedule of Property Aquired for Taxes**

**Current Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 1,593,100
Increased by:	
Transfers from Tax Title Liens	<u>2,715,735</u>
	4,308,835
Decreased by:	
Adjustment to Assessed Value	<u>1,365,635</u>
Balance, December 31, 2011	\$ <u>2,943,200</u>

## TOWN OF KEARNY, N.J.

## Schedule of Revenue Accounts Receivable

## Current Fund

Year Ended December 31, 2011

<u>Source</u>		Balance <u>Dec. 31, 2010</u>	Accrued	Collected	Balance <u>Dec. 31, 2011</u>
Clerk:					
Licenses:					
Alcoholic beverages	\$	50,709		50,709	
Other		89,586		89,586	
Fees and Permits		156,832		156,832	
Construction Code Official:					
Fees and Permits		535,377		535,377	
Municipal Court:					
Fines and Costs	101,573	989,486		1,020,028	71,031
Interest and Costs on Taxes		373,266		373,266	
Parking Meters		200,824		200,824	
Interest on Investments and Deposits		6,907		6,907	
Hackensack Meadowlands - Tax Sharing		4,045,611		4,045,611	
Hartz Mountain Lease Agreement		122,736		122,736	
Consolidated Municipal Property Tax Relief Act		112,192		112,192	
Energy Receipts Tax		18,353,297		18,353,297	
Life Hazard Use Fees - Uniform Fire Safety Act		118,919		118,919	
Kearny Municipal Utilities Authority Sludge Removal		860,000		860,000	
Franchise Fees Cable TV		312,864		312,864	
Recycling Revenue		225,349		225,349	
Police Private Duty Fees		99,340		99,340	
PVSC User Fees		43,999		43,999	
Clean Earth		68,079		68,079	
General Capital Surplus		500,000		500,000	
Reserve for Payment Debt		917,657		917,657	
New Jersey Meadowlands Lease Agreement		925,874		925,874	
POLIT Payments		64,883		64,883	
	\$ 101,573	29,173,787		29,204,329	71,031

Cash	\$ 10,738,840
Accounts Receivable:	
State Aid	18,465,489
	\$ 29,204,329

## TOWN OF KEARNY, N.J.

## Schedule of Grants Receivable

## Current Fund

Year Ended December 31, 2011

		2011		
	Balance, Dec. 31, <u>2010</u>	Budget Revenue <u>Realized</u>	<u>Collections</u>	<u>Canceled</u>
<b>FY2008 Grants:</b>				
UEZ Business Development Revolving Loan	\$ 5,958			5,958
<b>FY 2009 Grants:</b>				
UEZ Jacobus Avenue Phase III	779,951		430,406	
Chemical Bufferzone Protection Program	81		81	
NJMC Housing Assistance	19,759			19,759
Veterans Field House Construction-2007	100,000		49,580	
Veterans Field House Construction-2008	97,000			97,000
Library Reading Park Construction	50,000			50,000
Office on Aging 2009			3,090	(3,090)
<b>FY 2010 Grants:</b>				
KUEZ - Adminstrative 2009	3,669		2,940	729
KUEZ - Kearny Clean Project 2008 Add'l Funds				
KUEZ - Business Development Revolving Loan Add'l Fur	64,500			64,500
KUEZ - Sellers Street Reconstruction Phase I	91,340			91,340
KUEZ - Zone Fire Engine - 2009 Custom Pumper	380,000		360,699	19,301
KUEZ - Schuyler Avenue Parking Lot	35,600		13,499	22,101
KUEZ - Marketing and Zone Promotion	389,574		239,830	
KUEZ - Shopping Bus Project Year 2	18,474			18,474
KUEZ - Economic Stimulus Loan Program	107,500			107,500
KUEZ - Business Development Revolving Loan	600,000		7,247	
2009 Justice Assistance Grant	17,118			17,118
2009 Justice Assistance Grant - ARRA	70,586		67,641	
FY'10 PARIS Grant	9,375		9,375	
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		16,688	
2009 Pandemic Influenza Preparedness Grant	37,840			37,840
FY'10 NJ Transit Grant	795		1,118	(323)
<b>2010 Grants:</b>				
KUEZ - Marketing and Promotion II Add'l Funds	49,800			49,800
KUEZ - Clean Project Year 2	243,067		113,435	127,982
KUEZ - Public Safety Year 2	71,083		67,900	3,183
FY 2011 KUEZ Administration	180,000		120,628	59,372
2010 Municipal Alliance	41,671		41,595	76
2010 Public Health Priority Funding	12,026			12,026
2009 NJ Community Forestry Program	7,000		6,700	300
2009 COPS Technology Program Grant	200,000			200,000
2010 Office on Aging Grant	11,787		11,070	717
2009 Fire Prevention and Safety Grant	2,606		2,606	
FY'08 Port Security Grant	56,250			56,250
2010 Justice Assistance Grant (JAG)	16,586			16,586
Pipeline and Hazardous Materials Safety Grant	17,959		17,923	36

## TOWN OF KEARNY, N.J.

## Schedule of Grants Receivable

## Current Fund

Year Ended December 31, 2011

	2011				2011
	Balance, Dec. 31, 2010	Budget Revenue Realized	Collections	Canceled	Balance, Dec. 31, 2011
<b>FY2008 Grants:</b>					
2010 Pedestrian Safety Education and Enforcement Grant	9,000		7,200	1,800	
KUEZ Sellers Street, Phase II - 11-192		1,059,500	170,024		889,476
KUEZ Streetscape, Phase V - 11-270		535,050	65,088		469,962
KUEZ Kearny Avenue Resurfacing - 11-269		568,641	316,691		251,950
KUEZ Public Safety Project Yr. 3 - 11-441		132,210	73,068		59,142
KUEZ FY2011 Administration - 12-13		120,291	35,925		84,366
KUEZ Kearny Clean Project, Yr. 3		116,783	15,639		101,144
2011 Municipal Alliance		42,197	27,204		14,993
2010 Over the Limit Under Arrest		5,000	4,950	50	
Assistance to Firefighters FY2010		139,163			139,163
Assistance to Firefighters FY2010 - Match		15,462	15,462		
2008 Recycling Tonnage Grant		37,663	37,663		
2011 H1N1 Corrective Action Grant		10,000	5,601	4,399	
2011 Office on Aging Grant		55,000	29,520		25,480
2011 Clean Communities		44,209	44,209		
2010 Hudson County Open Space - All Season Surface at Veteran's Field		100,000			100,000
2010 Hudson County Open Space - Magullian Property Riverbank Park Development		300,000	7,645		292,355
2007 Hudson County Open Space - Veteran's Field House Construction		110,000			110,000
2011 Justice Assistance Grant		13,329			13,329
2009 Recycling Tonnage Grant		54,337	54,337		
2011 Over the Limit Under Arrest		4,400	2,700	1,700	
FY2010 Emergency Management Assistance		10,000	10,000		
2010 Body Armor Replacement Fund	10,214	10,214			
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 4,681,555</u>	<u>3,483,449</u>	<u>2,517,191</u>	<u>595,730</u>	<u>5,052,083</u>
	Cash Receipts \$ 2,501,729				
	Budget Appropriations 15,462				
	<u>\$ 2,517,191</u>				

## TOWN OF KEARNY, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2011

	<u>Balance, Dec. 31, 2010</u>	<u>Transfers and Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages:				
Administration	81,269	1,269		1,269
Mayor and Council	8,086	8,086		8,086
Town Clerk	34,426	4,426		4,426
Elections	1,278	1,278		1,278
Municipal Court	13,993	13,993		13,993
Public Defender	2,190			
Treasurer	337	337		337
Collection of Taxes	7,497	7,497		7,497
Police	47,977	87,977	85,203	2,774
Fire	28,432	78,432	75,999	2,433
Board of Health	67,890	67,890		67,890
Unified Recreation Committee	8,188	8,188		8,188
Road Repairs and Maintenance	481	20,481		20,481
Shade Tree	61,421	61,421		61,421
Public Building and Grounds	31,675	31,675		31,675
Vehicle Maintenance	3,147	3,147		3,147
Senior Citizen Center	34,142	34,142		34,142
Construction Code Enforcement	9,413	9,413		9,413
Board of Appeals	1,000	1,000		1,000
Management Information	208	208		208
Maintenance of Public Library		11,277	11,277	
Other Expenses:				
Administrative	7,417	34,768	27,233	7,535
Mayor and Council	1,795	1,945	150	1,795
Clerk	4,245	5,075	213	4,862
Elections	2,200	2,200		2,200
Legal	7,155	117,033	114,297	2,736
Prosecutor	3,625	4,031	406	3,625
Audit Fees	83,500	83,500	72,025	11,475
Public Defender		4,290	1,050	3,240
Engineering	3,500	3,666	1,508	2,158
Publicity and Industrial Development	4,640	4,640		4,640
Life Insurance for Employees	3,249	3,249		3,249
Employee Hospitalization	1	99,744	99,018	726
Other Insurance	14,851	17,500	2,655	14,845
Municipal Court	15,403	15,513	110	15,403
Treasurer	6,404	19,076	12,781	6,295
Assessment of Taxes	298	657	359	298
Collection of Taxes	5,966	6,038	46	5,992
Police	10,216	52,786	42,259	10,527
Fire	2,055	61,088	57,930	3,158
Board of Health	7,017	9,164	2,590	6,574

## TOWN OF KEARNY, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2011

	<u>Balance, Dec. 31, 2010</u>	<u>Transfers and Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Board of Health-Contractual Agreement	1,729	1,729		1,729
Meals on Wheels	1,284	1,284		1,284
Road Repairs and Maintenance	38,722	90,156	42,196	47,960
Shade Tree	2,914	22,154	16,376	5,778
Public Buildings and Grounds	6,738	24,775	16,582	8,193
Vehicle Maintenance	11,553	36,279	20,911	15,368
Recreation	14,735	17,589	526	17,063
Parks and Playgrounds		4,001	3,021	980
Celebration of Public Events	18,395	20,176	1,425	18,751
Senior Citizen Center	3,853	3,853		3,853
Construction Code Enforcement	2,930	16,520	13,635	2,885
Zoning Commission	8,321	18,431	10,773	7,658
Board of Appeals	2,500	2,500		2,500
Planning Board	3,355	12,246	12,125	121
Parking Lot Lease Payment	3,732	6,081	3,359	2,722
Information Systems	7,939	23,014	14,451	8,563
Electricity and Gas	99,587	99,586	23,358	76,228
Street Lighting	42,707	42,707	42,707	
Communications	47,439	60,588	5,549	55,039
Gasoline	553	99,936	25,769	74,167
Postage	5,917	5,917		5,917
Rental of Pumps	25,000	25,000	6,529	18,471
Garbage and Trash Removal - Bailer Fees	98,775	245,834	147,058	98,776
Contingent	2,000	2,000		2,000
Social Security System (O.A.S.I.)	35,934	35,934		35,934
Unemployment Insurance	7,643	9,893		9,893
Maintenance of Public Library (Ch. 82 & 541, P.L. 1985)				
Contribution	26,860	112,614	112,614	
TOTAL	\$ 1,147,702	2,038,897	1,126,073	912,824
	Encumbrances	\$ 891,195		
	Appropriation Reserves	\$ 1,147,702		
		\$ 2,038,897		
	Cash Disbursements	1,096,857		
	Transferred to Due to Library	29,216		
		\$ 1,126,073		

**Exhibit A-14**

**TOWN OF KEARNY, N.J.**

**Schedule of Reserve for Retroactive Pay**

**Current Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ <u>313,283</u>
Decreased by:	
Payments	\$ <u>313,283</u>

**Exhibit A-15**

**Schedule of Reserve for Library Expenditures - State Aid**

**Current Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 80,011
Increased by:	
State Library Aid	<u>18,748</u>
	98,759
Decreased by:	
Library Aid Expenditures	<u>11,289</u>
Balance, December 31, 2011	\$ <u>87,470</u>

**Exhibit A-16**

**TOWN OF KEARNY, N.J.**

**Schedule of Tax Overpayments**

**Current Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 102,805
Increased by:	
Collections	<u>253,796</u>
	356,601
Decreased by:	
Refunds	\$ 210,233
Applied	<u>10,334</u>
	<u>220,567</u>
Balance, December 31, 2011	\$ <u>136,034</u>

**Exhibit A-17**

**Schedule of Reserve for Tax Appeals**

**Current Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ <u>1,500,000</u>
Decreased by:	
Cancelled to Operations	\$ <u>1,500,000</u>

**Exhibit A-18**

**TOWN OF KEARNY, N.J.**

**Schedule of Interfunds Due from/(to) Various Funds**

**Current Fund**

**Year Ended December 31, 2011**

<u>Fund</u>		Balance Dec. 31, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance Dec. 31, <u>2011</u>
Federal and State Grant Fund	\$	38,489		38,489	
Water Utility Operating Fund		247,622	86,985	247,622	86,985
<b>Trust Funds:</b>					
Escrow Trust		350	217		567
	\$	<u>247,972</u>	<u>125,691</u>	<u>286,111</u>	<u>87,552</u>

**Analysis of Changes**

Interest	\$	217
Cash Receipts - Interfund Returned		247,622
Cash Receipts		38,489
Cash Disbursements		14,891
Grants and Prior Year Encumbrances cancelled		23,598
NJ Env. Infrastructure Loan Payments		86,985
	\$	<u>125,691</u>
		<u>286,111</u>

**Exhibit A-19**

**TOWN OF KEARNY, N.J.**

**Schedule of County Taxes Payable**

**Current Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 15,449
Increased by:	
Levy	\$ 17,327,035
Added Assessments	<u>6,182</u>
	<u>17,333,217</u>
	17,348,666
Decreased by:	
Payments	\$ <u>17,348,666</u>

**Exhibit A-20**

**Schedule of Local District School Taxes Payable**

**Current Fund**

**Year Ended December 31, 2011**

Increased by:	
Levy	\$ <u>46,002,380</u>
Decreased by:	
Payments	\$ <u>46,002,380</u>

**Exhibit A-21**

**TOWN OF KEARNY, N.J.**

**Schedule of Prepaid Taxes**

**Current Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 286,836
Increased by:	
Collections	<u>355,155</u>
	641,991
Decreased by:	
Applied to 2011 Taxes Receivable	<u>286,836</u>
Balance, December 31, 2011	\$ <u>355,155</u>

**TOWN OF KEARNY, N.J.**

**Schedule of Due to State - DCA Fees**

**Current Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 5,041
Increased by:	
Collections	<u>49,660</u>
	54,701
Decreased by:	
Disbursements	<u>\$ 54,701</u>

**TOWN OF KEARNY, N.J.**

**Schedule of Reserve for Due to Library**

**Current Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 187,406
Increased By:	
Transferred from Appropriation Reserves	<u>29,216</u>
Balance, December 31, 2011	\$ <u>216,622</u>

**Exhibit A-24**

**TOWN OF KEARNY, N.J.**

**Schedule of Interfunds Due from/(to) Various Funds**

**Federal and State Grant Fund**

**Year Ended December 31, 2011**

	<u>Increases</u>	<u>Decreases</u>
	\$	
Current Fund	<u>38,489</u>	<u>38,489</u>
	<u>\$ 38,489</u>	<u>38,489</u>
Cash Disbursements		38,489
Grant and Prior Year Encumbrances cancelled	<u>38,489</u>	<u>          </u>
	<u>\$ 38,489</u>	<u>38,489</u>

## TOWN OF KEARNY, N.J.

## Schedule of Appropriated Reserves for Grants

## Current Fund

Year Ended December 31, 2011

<u>Grant</u>		<u>Balance, Dec. 31, 2010</u>	<u>2011 Grants Budgeted</u>	<u>Expenditures</u>	<u>Canceled</u>	<u>Balance, Dec. 31, 2011</u>
2006 Bullet Proof Vest						
2006 Body Armor Grant	\$ 4,345		4,345			
KUEZ - Business Development Revolving Loan	880				880	
Body Armor Grant	13,121		13,121			
UEZ Business Development Revolving Loan	3,008		(1,035)		4,043	
Body Armor Grant	11,414		2,837			8,577
Veterans Field House Construction-2007	75,895		75,474			421
Veterans Field House Construction-2008	97,000		97,000			
Library Reading Park Construction	50,000					50,000
Emergency Management Grant	7,121		6,074			1,047
NJMC Housing Assistance	19,759				19,759	
UEZ Jacobus Avenue Phase III	774,590		547,774			226,816
Office on Aging 2009			3,090		(3,090)	
Clean Communities 2009	11,314					11,314
KUEZ - Business Development Revolving Loan Add'l Funds	64,500				64,500	
KUEZ - Sellers Street Reconstruction Phase I	48,439		(42,901)		91,340	
KUEZ - Zone Fire Engine - 2009 Custom Pumper	19,301				19,301	
KUEZ - Schuyler Avenue Parking Lot	18,914		(3,188)		22,102	
KUEZ - Marketing and Zone Promotion	259,984		154,023			105,961
KUEZ - Shopping Bus Project Year 2	18,475				18,475	
KUEZ - Shopping Bus Project Year 2 - Match	2,053				2,053	
KUEZ - Economic Stimulus Loan Program	107,500				107,500	
KUEZ - Business Development Revolving Loan	599,440		350,875			248,565
2009 Justice Assistance Grant	17,118		1,393			15,725
2009 Justice Assistance Grant - ARRA	33,744		33,744			
FY'10 PARIS Grant	9,375		9,375			
FY 2009 Drunk Driving Enforcement Fund	4,036					4,036
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		153,600			196,400
Brighton Avenue Playground	183,235		183,235			
FY'10 Recycling Tonnage Grant	22,357					22,357
2009 Pandemic Influenza Preparedness Grant	45,199				45,199	
FY'10 NJ Transit Grant	795		1,118		(323)	
KUEZ - Zone Fire Engine - 2009 Custom Pumper - Match	4,825				4,825	
KUEZ - Marketing and Zone Promotion II Add'l Funds	49,800					49,800
KUEZ - Clean Project Year 2	230,317		77,572		152,745	
KUEZ - Public Safety Year 2	88,854		84,875		3,979	
FY 2011 KUEZ Administration	116,807		57,435		59,372	
2010 Municipal Alliance	76				76	
2010 Public Health Priority Funding	12,026				12,026	
2009 Jersey Fresh Grant	1,482					1,482
2009 NJ Community Forestry Program			(300)		300	
FY'09 Emergency Management Assistance	10,000				10,000	
2009 COPS Technology Program Grant	200,000				200,000	
2009 Body Armor Replacement Fund	3,406					3,406
2010 Clean Communities Grant	46,584					46,584
2010 Office on Aging Grant	11,787		11,070		717	
2009 Fire Prevention and Safety Grant						
2010 NJ Transit Reforestation Plan	68,400					68,400

## TOWN OF KEARNY, N.J.

## Schedule of Appropriated Reserves for Grants

## Current Fund

Year Ended December 31, 2011

<u>Grant</u>	<u>Balance, Dec. 31, 2010</u>	<u>2011 Grants Budgeted</u>	<u>Expenditures</u>	<u>Canceled</u>	<u>Balance, Dec. 31, 2011</u>
FY'08 Port Security Grant	75,000				75,000
2010 Justice Assistance Grant	16,586				16,586
2010 Body Armor Replacement Fund	9,804				9,804
Pipeline and Hazardous Material Safety Grant	35			35	
2010 Pedestrian Safety Education and Enforcement Grant	9,000		7,200	1,800	
KUEZ Sellers Street, Phase II - 11-192	1,059,500	636,620			422,880
KUEZ Streetscape, Phase V - 11-270	535,050	534,942			108
KUEZ Kearny Avenue Resurfacing - 11-269	568,641	476,558			92,083
KUEZ Public Safety Project Yr. 3 - 11-441	132,210	73,068			59,142
KUEZ FY2011 Administration - 12-13	120,291	47,931			72,360
KUEZ Kearny Clean Project, Yr. 3	116,783	15,639			101,144
2011 Municipal Alliance	42,197	42,185			12
2010 Over the Limit Under Arrest	5,000	4,950		50	
Assistance to Firefighters FY2010	139,163	59,952			79,211
Assistance to Firefighters FY2010 - Match	15,462	6,662			8,800
2008 Recycling Tonnage Grant	37,663				37,663
2011 H1N1 Corrective Action Grant	10,000	5,601		4,399	
2011 Office on Aging Grant	55,000	29,520			25,480
2011 Clean Communities	44,209				44,209
2010 Hudson County Open Space - All Season Surface at Veteran's Field	100,000				100,000
2010 Hudson County Open Space - Magullian Property Riverbank Park Development	300,000	20,485			279,515
2007 Hudson County Open Space - Veteran's Field House Construction	110,000	110,000			
2011 Justice Assistance Grant	13,329	13,329			
2009 Recycling Tonnage Grant	54,337				54,337
2011 Over the Limit Under Arrest	4,400	2,700		1,700	
FY2010 Emergency Management Assistance	10,000				10,000
2010 Body Armor Replacement Fund	10,214				10,214
	<u>\$ 4,161,301</u>	<u>3,483,449</u>	<u>4,241,548</u>	<u>633,763</u>	<u>2,769,439</u>

Budget Appropriations \$ 2,457,676  
Appropriations by 40a:4-87 1,025,773

\$ 3,483,449

Cash \$ 1,883,882  
Encumbrances 2,357,666  
\$ 4,241,548

**Exhibit A-26**

**TOWN OF KEARNY, N.J.**

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

**Current Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 6,341,498
Increased By:	
Revenue Accounts Receivable	<u>18,465,489</u>
	24,806,987
Decreased By:	
Cash Receipts	<u>18,342,724</u>
Balance, December 31, 2011	\$ <u>6,464,263</u>

**TOWN OF KEARNY, N.J.****Schedule of Reserve for Encumbrances****Federal and State Grant Fund****Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 649,154
Increased By:	
Transferred from Budget Appropriations	<u>2,357,666</u>
	3,006,820
Decreased By:	
Cash Disbursements	\$ 648,698
Prior Year Encumbrances cancelled	<u>456</u>
	<u>649,154</u>
Balance, December 31, 2011	\$ <u>2,357,666</u>

**Schedule of Reserve for Urban Enterprise Zone****Federal and State Grant Fund****Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 1,214,795
Increased By:	
Cash Receipts	\$ 187,131
Interest Earned on Investments	6,756
State Reimbursements Received	<u>4,737,786</u>
	<u>4,931,673</u>
	6,146,468
Decreased By:	
Reallocated to Grants Receivable	<u>1,108,792</u>
Balance, December 31, 2011	\$ <u>5,037,676</u>

<u>Analysis of Balance</u>	
Revolving Loan Fund	1,288,433
Fundraiser Account	29,777
Second Generation	90,472
State Reimbursement	<u>3,628,994</u>
\$	<u>5,037,676</u>

## TOWN OF KEARNY, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2011

	Animal Trust <u>Fund</u>	Other Trust <u>Fund</u>	Self- Insurance Trust <u>Fund</u>	Urban Action Grant <u>Trust Fund</u>
Balance - December 31, 2010	\$ 2,258	2,690,653	699,836	1,033,892
Increased by Receipts:				
Animal License Fees Collected	26,277			
Amount Due to the State of New Jersey	3,179			
Current Fund Appropriation	74,500			700,000
Community Development				
Interfunds		217		
Other Trust Funds		3,224,939		
Refunds			148,094	
Total Receipts	103,956	3,225,156	848,094	
	106,214	5,915,809	1,547,930	1,033,892
Decreased by Disbursements:				
Reserve for Animal Trust Expenditures	101,891			
Amount Due to the State of New Jersey	3,173			
Interfunds				128,900
Other Trust Funds		2,799,329		
Community Development				
Self-Insurance Liability			1,420,639	
Total Disbursements	105,064	2,799,329	1,420,639	128,900
Balance - December 31, 2011	\$ 1,150	3,116,480	127,291	904,992

**Exhibit B-3**

**TOWN OF KEARNY, N.J.**

**Schedule of Assessments Receivable - Unpledged**

**Assessment Trust Fund**

**Year Ended December 31, 2011**

Balance - December 31, 2010	\$ <u>1,136</u>
Balance - December 31, 2011	\$ <u>1,136</u>

**Exhibit B-4**

**Schedule of Assessments Liens Receivable - Unpledged**

**Assessment Trust Fund**

**Year Ended December 31, 2011**

Balance - December 31, 2010	\$ <u>292</u>
Balance - December 31, 2011	\$ <u>292</u>

**Exhibit B-5**

**TOWN OF KEARNY, N.J.**

**Schedule of Due to State of New Jersey**

**Animal Trust Fund**

**Year Ended December 31, 2011**

	<u>Dog License Fees</u>
Increased by:	
Dog License Fees	\$       3,179
Decreased by:	
Payments	<u>                3,173</u>
Balance - December 31, 2011	\$ <u>                6</u>

**Exhibit B-6**

**TOWN OF KEARNY, N.J.**

**Schedule of Other Accounts Receivable**

**Other Trust Fund**

**Year Ended December 31, 2011**

Balance - December 31, 2010	\$ <u>47,443</u>
Balance - December 31, 2011	\$ <u>47,443</u>
Due from Valley National Bank - 12/31/1998	1,590
Outside Lien Disbursement in Excess of Receipts - 1998	45,853
	\$ <u>47,443</u>

## TOWN OF KEARNY, N.J.

## Schedule of Community Development Receivables

## Other Trust Fund

Year Ended December 31, 2011

	Balance Dec. 31, <u>2010</u>	Awards	Balance Dec. 31, <u>2011</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	6,715		6,715
2010-			
Sellers Street Reconstruction - Phase II	336,762		336,762
Town Hall ADA Compliance	100,000		100,000
2011 -			
Town Hall ADA Compliance	82,250		82,250
ADA Veteran's Field	110,000		110,000
Bergen Avenue Paving & Water Improvements	<u>                </u>	<u>250,000</u>	<u>250,000</u>
	<u>\$       489,193</u>	<u>442,250</u>	<u>931,443</u>

**Exhibit B-8**

**TOWN OF KEARNY, N.J.**

**Schedule of Reserve for Animal Trust Fund Expenditures**

**Animal Trust Fund**

**Year Ended December 31, 2011**

Balance - December 31, 2010	\$	2,258
-----------------------------	----	-------

Increased by:

Budget Appropriation	\$	74,500
Animal License Fees		<u>26,277</u>
		<u>100,777</u>

Decreased by:

Expenditures Under R.S. 4:19-15.11		<u>101,891</u>
Balance - December 31, 2011	\$	<u>1,144</u>

License fees collected

<u>Year</u>	<u>Amount</u>
2009	\$ 3,256
2010	<u>26,834</u>
	\$ <u>30,090</u>

## TOWN OF KEARNY, N.J.

## Schedule of Reserves

## Other Trust Fund

Year Ended December 31, 2011

	Balance Dec. 31, <u>2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2011</u>
Recreation	\$ 170,080	228,501	234,027	164,554
Swim Pool	76,884	19,528	15,003	81,409
Landfill Closure	398,474			398,474
Public Defender Files	3,604	2,164		5,768
Dedicated Fire Penalties	67,641	4,350	5,725	66,266
Performance Deposits	273,412			273,412
Escrow Bonds	11,220		1,020	10,200
Developer's Contribution		15,625		15,625
DARE Program	5,543	1,440	2,400	4,583
Various Donations	35,510	19,421	27,350	27,581
Domestic Violence	1,500			1,500
Police Outside Duty	181,219	605,120	563,942	222,397
Miscellaneous	2,405			2,405
Escrow Deposits	271,584	530,860	323,488	478,956
Tax Title Lien Premiums	432,100	671,300	499,600	603,800
Recreation Umpire	2,195	41,670	43,815	50
Affordable Housing	599,148			599,148
POAA	93,473	16,504	16,442	93,535
Tax Collector Trust	92	1,058,943	995,159	63,876
Law Enforcement Trust Fund	30,150	8,757	1,128	37,779
Public Library Trust				
Donations - Reserved Principal	10,000			10,000
Donations - Unreserved Interest	6			6
Donations - Unreserved	821		512	309
DEA Fund	<u>70,685</u>	<u>756</u>	<u>69,718</u>	<u>1,723</u>
	<u>\$ 2,737,746</u>	<u>3,224,939</u>	<u>2,799,329</u>	<u>3,163,356</u>

**TOWN OF KEARNY, N.J.****Schedule of Reserve for Community Development Block Grants****Other Trust Fund****Year Ended December 31, 2011**

	Balance Dec. 31, <u>2010</u>	<u>Awards</u>	<u>Decreases</u>	Balance Dec. 31, <u>2011</u>
1999-				
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	6,715			6,715
2010-				
Sellers Street Reconstruction - Phase II	336,762			336,762
Town Hall ADA Compliance	100,000		90,779	9,221
2011 -				
Town Hall ADA Compliance		82,250		82,250
ADA Improvements - Veteran's Field		110,000		110,000
Bergen Avenue Paving & Water Improvements	250,000			250,000
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 489,193</u>	<u>442,250</u>	<u>128,900</u>	<u>802,543</u>
		Schedule of IntraFunds	\$ <u>128,900</u>	

**Exhibit B-11**

**TOWN OF KEARNY, N.J.**

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

**Self-Insurance Trust Fund**

**Year Ended December 31, 2011**

Balance - December 31, 2010	\$ 699,836
Increased by:	
Reimbursements	<u>848,094</u>
	1,547,930
Decreased by:	
Payment of Claims	<u>1,420,639</u>
Balance - December 31, 2011	\$ <u>127,291</u>

**TOWN OF KEARNY, N.J.**

**Schedule of Reserve for Urban Development Action Grant Trust Fund**

**Urban Development Action Grant Trust Fund**

**Year Ended December 31, 2011**

Balance - December 31, 2010	\$ <u>1,033,892</u>
Balance - December 31, 2011	\$ <u>1,033,892</u>

**Exhibit B-13**

**TOWN OF KEARNY, N.J.**

**Schedule of Reserve for Assessments and Liens**

**Assessment Trust Fund**

**Year Ended December 31, 2011**

Balance - December 31, 2010	\$ <u>1,334</u>
Balance - December 31, 2011	\$ <u>1,334</u>

**TOWN OF KEARNY, N.J.**

**Schedule of Interfunds Due from/(to) Various Funds**

**Other Trust Fund**

**Year Ended December 31, 2011**

<u>Fund</u>	Balance Dec. 31, <u>2010</u>	<u>Increases</u>	Balance Dec. 31, <u>2011</u>
Current Fund	\$ (350)	217	(567)
	\$ (350)	217	(567)

## TOWN OF KEARNY, N.J.

**Schedule of Intrafunds Due from/(to) Various Trust Funds****Other Trust Fund****Year Ended December 31, 2011**

<u>Fund</u>		Balance Dec. 31, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance Dec. 31, <u>2011</u>
Other Trust Fund:					
Escrow Trust Fund	\$ 118,514				118,514
Affordable Housing Trust Fund:					
Escrow Trust Fund	98,357				98,357
Community Development Trust Fund:					
Urban Development Action Grant Trust Fund		128,900			128,900
Urban Development Action Grant Trust Fund:			128,900		(128,900)
Community Development Trust Fund					
Escrow Trust Fund:					
Other Trust Fund	(118,514)				(118,514)
Affordable Housing Trust Fund	(98,357)				(98,357)
	\$ <u>                  </u>	<u>128,900</u>	<u>                  </u>	<u>128,900</u>	<u>                  </u>
Due from	\$ 216,511	128,900			345,411
Due (to)	<u>(216,511)</u>	<u>                  </u>	<u>128,900</u>	<u>                  </u>	<u>(345,411)</u>

**Exhibit C-2**

**TOWN OF KEARNY, N.J.**

**Schedule of Cash**

**General Capital Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 458,148
Increased by Receipts:	
Grants	\$ 200,325
Interfunds	700,000
Bond Anticipation Note	1,900,000
Bond Anticipation Note - Premium	16,667
Schedule of Reserves	<u>7,288</u>
	<u>2,824,280</u>
	3,282,428
Decreased by Disbursements:	
Schedule of Reserves	917,657
Fund Balance realized as Budget Revenue	500,000
Improvement Authorizations	<u>1,864,109</u>
	<u>3,281,766</u>
Balance, December 31, 2011	\$ <u>662</u>

## TOWN OF KEARNY, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2011

Reserve for Receivables	\$	
Reserve for Payment of Notes		1,269,559
Capital Improvement Fund		180,947
Fund Balance		467,297
Department of Transportation Grants		(414,237)
Green Acres Grants		(1,509,500)
Due to Water Utility Capital Fund		700,000
N.J. Environmental Infrastructure Trust Loans Receivable		(858,918)

## Improvement Authorizations:

## Ordinance

<u>Number</u>	<u>Improvement Description</u>	
2004-25	Improvements to Solids and Floatables Facility	(694,342)
2008-34	Various Road and Sewer Improvements	3,000
2008-35	Various Capital Improvements	43,495
2008-36	Multi-Park Improvements	117,605
2009-42	Harvey Field Improvements	(435,000)
2010-06	Various Improvements	442,286
2010-07	Road Improvements and Traffic Signals to Belgrove Dr./Woodland Ave and Seeley Ave/Elm St.	47,897
2010-40	Waterfront Property Acquisition (Magullian Property)	(191,500)
2011-13	Various Improvements	722,614
2011-43	Imprs. to Parks, Playgrounds and Municipal Bldg	<u>109,459</u>
		\$ <u>662</u>

## TOWN OF KEARNY, N.J.

## Schedule of Grants Receivable

## General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Description	Balance, Dec. 31, 2010	Awarded	Reduced	Balance, Dec. 31, 2011
<u><b>State of New Jersey, Department of Transportation:</b></u>					
2008-34	Various Road and Sewer Repairs	\$ 128,435		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.	206,456			206,456
2011-13	Various Road/Sewer Imps.,/Intersection Imps.	207,781			207,781
		<u>330,617</u>	<u>207,781</u>	<u>252,596</u>	<u>414,237</u>
			Cash Receipts	200,325	
			Cancelled via Resolution	52,271	
				\$ 252,596	
<u><b>State of New Jersey, Department of Environmental Protection:</b></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>1,509,500</u>			<u>1,509,500</u>
<u><b>County of Hudson:</b></u>					
Hudson County Open Space Grants:					
2007-30	Various Capital Improvements	110,000		110,000	
		<u>\$ 110,000</u>		<u>110,000</u>	
			Cancelled via Resolution	<u>110,000</u>	

**TOWN OF KEARNY, N.J.**

**Schedule of Loans Receivable**

**General Capital Fund**

**Year Ended December 31, 2011**

<u>Ordinance Number</u>	<u>Description</u>		<u>Balance, Dec. 31, 2010</u>	<u>Balance, Dec. 31, 2011</u>
Environmental Infrastructure Loans:				
2002-59	Riverbank Park	\$	437,597	437,597
2004-25	Improvements to CSO Control Facilities		421,321	421,321
		\$	<u>858,918</u>	<u>858,918</u>

**Exhibit C-6**

**TOWN OF KEARNY, N.J.**

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

**General Capital Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 52,373,728
----------------------------	---------------

**Increased by:**

Transferred from Deferred Charges - Unfunded	
Refunding Bonds Issued	<u>8,995,000</u>
	61,368,728

**Decreased by:**

Current Year Budget Appropriations:	
Serial Bonds	\$ 5,020,000
N.J. Wastewater Loans	609,085
Green Acres Loans	47,926
2003 General Improvement Bonds Refunded	7,734,000
2003A Refunding Bonds Refunded	<u>1,135,000</u>
	<u>14,546,011</u>

Balance, December 31, 2011	\$ <u>46,822,717</u>
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TOWN OF KEARNY, N.J.

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

General Capital Fund

Year Ended December 31, 2011

**Exhibit C-8**

**TOWN OF KEARNY, N.J.**

**Schedule of Interfund Due from/(to) Various Funds**

**General Capital Fund**

**Year Ended December 31, 2011**

	<u>Increases</u>	Balance Dec. 31, <u>2011</u>
Water Utility Capital Fund	<u>\$ 700,000</u>	<u>(700,000)</u>
Cash Receipts	<u>700,000</u>	<u>\$ 700,000</u>

## TOWN OF KEARNY, N.J.

## Schedule of General Serial Bonds Payable

## General Capital Fund

Year Ended December 31, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding,</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
			<u>December 31, 2011</u>	<u>Amount</u>				
General Improvements	Jan. 15, 2003	13,844,000	1/15/2012	1,700,000	4.00%	11,034,000	9,334,000	1,700,000
Refunding Bonds Series 2003A	Jan. 15, 2003	14,140,000	1/15/2012	780,000	3.85%	3,430,000	2,125,000	1,305,000
			1/15/2013	216,000	4.00%			
			1/15/2014	93,000	4.00%			
			1/15/2015	40,000	4.125%			
			1/15/2016	176,000	4.25%			
Refunding Bonds Series 2003B	Jan. 15, 2003	8,875,000	2/1/2012	640,000	5.04%	6,815,000	780,000	6,035,000
			2/1/2013	730,000	5.00%			
			2/1/2014	825,000	5.10%			
			2/1/2015	935,000	5.20%			
			2/1/2016	1,050,000	5.25%			
			2/1/2017	1,175,000	5.35%			
			2/1/2018	140,000	5.80%			
			2/1/2019	160,000	5.80%			
			2/1/2020	180,000	5.80%			
			2/1/2021	200,000	5.80%			
Refunding Bonds Series 2006A	Feb. 1, 2007	7,480,000	2/1/2012	1,055,000	4.00%	6,415,000	1,195,000	5,220,000
			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%			

## TOWN OF KEARNY, N.J.

## Schedule of General Serial Bonds Payable

## General Capital Fund

Year Ended December 31, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2011</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds Series 2006B	Feb. 1, 2007	\$1,100,000	2/1/2012	1,000,000	5.02%	4,890,000	410,000	4,480,000
			2/1/2013	1,000,000	5.05%			
			2/1/2014	1,150,000	5.08%			
			2/1/2015	1,100,000	5.11%			
			2/1/2016	230,000	5.16%			
General Improvement Bonds	Jan. 1, 2008	10,305,000	1/15/2012	55,000	3.50%	10,245,000	45,000	10,200,000
			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%			
Refunding Bonds, Series 2011	Aug. 5, 2011	7,915,000	1/15/2012	35,000	2.00%		7,915,000	7,915,000
			1/15/2013	1,940,000	2.00%			
			1/15/2014	1,920,000	3.00%			
			1/15/2015	2,005,000	3.00%			
			1/15/2016	815,000	2.00%			
			1/15/2016	1,200,000	3.00%			

TOWN OF KEARNY, N.J.

## Schedule of General Serial Bonds Payable

## General Capital Fund

Year Ended December 31, 2011

## TOWN OF KEARNY, N.J.

## Schedule of New Jersey Wastewater Loan Payable

## General Capital Fund

Year Ended December 31, 2011

	Original Issue		Maturities of Loans Outstanding, December 31, 2011			Interest	Balance Dec. 31, <u>2010</u>	<u>Decreased</u>	Balance Dec. 31, <u>2011</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>				
Trust Share	11/05/98	\$ 1,575,000	08/01/12	90,000	4.50%	\$ 820,000	85,000		735,000
			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	08/01/12	45,000	5.00%	835,000	45,000		790,000
			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	08/01/12	50,000	3.40%	1,165,000	50,000		1,115,000
			08/01/13	50,000	3.50%				
			08/01/14	55,000	3.60%				
			08/01/15	55,000	5.00%				
			8/1/2016-17	60,000	5.00%				
			08/01/18	65,000	5.00%				
			08/01/19	65,000	4.00%				
			08/01/20	70,000	4.00%				
			8/1/2021-22	75,000	5.00%				
			08/01/23	80,000	4.25%				
			8/1/2024-25	85,000	4.50%				
			08/01/26	90,000	4.50%				
			08/01/27	95,000	4.25%				

## TOWN OF KEARNY, N.J.

## Schedule of New Jersey Wastewater Loan Payable

## General Capital Fund

Year Ended December 31, 2011

	Original Issue		Maturities of Loans Outstanding, December 31, 2011			Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
	Date	Amount	Date	Amount					
Fund Share	11/05/98	\$ 1,507,371	02/01/12	10,696	*		643,881	78,843	565,038
			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	02/01/12	34,910	*		2,189,405	159,377	2,030,028
			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

Year Ended December 31, 2011

	Original Issue		Maturities of Loans Outstanding, December 31, 2011		Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
	Date	Amount	Date	Amount				
Fund Share	11/08/07	3,623,250	02/01/12	46,297	*	3,161,576	190,865	2,970,711
			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	*			
						\$ 8,814,862	609,085	8,205,777

\* Interest Free

## TOWN OF KEARNY, N.J.

## Schedule of Green Acres Trust Loans Payable

## General Capital Fund

Year Ended December 31, 2011

<u>Purpose</u>	<u>Original Issue</u>	Maturities of Loans Outstanding, December 31, 2011			Interest <u>Rate</u>	Balance Dec. 31, <u>2010</u>	Decreased	Balance Dec. 31, <u>2011</u>
		<u>Date</u>	<u>Amount</u>					
F. J. Vincent Marina	\$ 73,725	02/07/12	\$ 2,270	2.00%	\$ 6,743	4,473		2,270
Harvey Field	235,731	01/11/12	5,888	2.00%	155,695	11,602		144,093
		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	02/28/12	6,061	2.00%	183,129	11,943		171,186
		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					

## TOWN OF KEARNY, N.J.

## Schedule of Green Acres Trust Loans Payable

## General Capital Fund

Year Ended December 31, 2011

<u>Purpose</u>	<u>Original Issue</u>	Maturities of Loans Outstanding, December 31, 2011			Balance Dec. 31, 2010	<u>Decreased</u>	Balance Dec. 31, 2011
		<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>			
Riverbank Park (cont.),		08/28/22	7,469				
		02/28/23	7,544				
		08/28/23	7,620				
		02/28/24	7,698				
Bell Playground	275,000	01/09/12	6,494	2.00%	256,278	12,796	243,482
		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				
Gunnel Oval Skateboard Park	138,690	05/26/12	3,556	0%	128,021	7,112	120,909
		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				

TOWN OF KEARNY, N.J.

### Schedule of Green Acres Trust Loans Payable

## **General Capital Fund**

Year Ended December 31, 2011

TOWN OF KEARNY, N.J.

Schedule of Reserve for Receivables

General Capital Fund

Year Ended December 31, 2011

Balance, December 31, 2010	\$ <u>310,000</u>
Decreased by:	
Grant awards received	\$ 286,667
Cancelled	<u>23,333</u>
	\$ <u><u>310,000</u></u>

TOWN OF KEARNY, N.J.

## Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2011

## TOWN OF KEARNY, N.J.

## Schedule of Reserve for Payment of Debt

## General Capital Fund

Year Ended December 31, 2011

			<u>Decreased by:</u>	
Balance Dec. 31, <u>2010</u>	<u>Increases</u>		Utilized as Budget	Balance Dec. 31, <u>2011</u>
Reserve for: Payment of Debt				
	\$ <u>2,179,928</u>	<u>11,493</u>	<u>917,657</u>	<u>1,273,764</u>

<u>Analysis of Balance</u>		
Reserve for Payment of Notes - Ord. 2008-51/2009-12		4,205
Reserve for Payment of Debt	1,269,559	
	<u>\$ 1,273,764</u>	

TOWN OF KEARNY, N.J.

**Schedule of Capital Improvement Fund**

**General Capital Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 230,947
Decreased by:	
Appropriated to Finance	
Improvement Authorizations	<u>50,000</u>
Balance, December 31, 2011	\$ <u>180,947</u>

## TOWN OF KEARNY, N.J.

## Schedule of Bond Anticipation Notes Payable

## General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Balance Dec. 31, 2011
						Increased	Decreased
2008-34	Road/Sewer Improvements	June 29, 2010	June 28, 2011	June 28, 2012	1.25%	1,500,000	1,500,000
2008-35	Various Capital Improvements	June 29, 2010	June 28, 2011	June 28, 2012	1.25%	950,000	835,000
2011-43	Imprs. to Parks, Playgrounds and Municipal Bldg	June 29, 2010	June 28, 2011	June 28, 2012	1.25%	115,000	115,000
2008-36	Multi-Park Improvements	June 29, 2010	June 28, 2011	June 28, 2012	1.25%	500,000	500,000
2009-12	Various Capital Improvements	June 28, 2011	June 28, 2011	June 28, 2012	1.25%	475,000	475,000
2010-06	Various Capital Improvements	June 28, 2011	June 28, 2011	June 28, 2012	1.25%	950,000	950,000
2011-13	Various Capital Improvements	June 28, 2011	June 28, 2011	June 28, 2012	1.25%	950,000	950,000
						\$ 3,425,000	5,325,000
							5,325,000
						Cash Renewed	1,900,000
							3,425,000
						\$ 3,425,000	3,425,000

## TOWN OF KEARNY, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## General Capital Fund

Year Ended December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2010</u>	<u>Authorizations</u>	<u>Decreased</u>	<u>Balance December 31, 2011</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	310,000			310,000
2009-42	Harvey Field Soccer Improvements	435,000			435,000
2010-06	Various Improvements	950,000			950,000
2010-40	Waterfront Property Axquisition (Magullian Property)	191,500			191,500
2011-13	Various Improvements		950,000		950,000
2011-26	Refunding Bond Ordinance		8,995,000		8,995,000
				1,100,000	1,100,000
		\$ 3,663,977	11,045,000		11,205,000
					3,503,977

**Exhibit D-5**

**TOWN OF KEARNY, N.J.**

**Schedule of Cash - Treasurer**

**Water Utility Fund**

**Year Ended December 31, 2011**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2010	\$ 335,309	1,023,435
Increased by Receipts:		
Water Collector	\$ 5,835,858	
Infrastructure Trust Fund Loans		906,747
Bond Anticipation Notes Payable		1,000,000
Premium on Bond Anticipation Notes		16,589
Reserve for Payment of Debt	<u>240,000</u>	
	5,835,858	2,163,336
	6,171,167	3,186,771
Decreased by Disbursements:		
2011 Appropriations	5,345,237	
2010 Appropriation Reserves	52,425	
Interest on Bonds and Notes	355,785	
Fund Balance due to Operating Fund		18,294
Interfunds	258,652	700,000
Improvement Authorizations	<u>1,218,539</u>	
	6,012,099	1,936,833
Balance, December 31, 2011	<u>\$ 159,068</u>	<u>1,249,938</u>

## TOWN OF KEARNY, N.J.

## Analysis of Cash

## Water Utility Capital Fund

Year Ended December 31, 2011

	Balance, Dec. 31, <u>2011</u>
Due from General Capital Fund	\$ (700,000)
NJ Infrastructure Trust Fund Loans Receivable	(568,628)
Capital Improvement Fund	57,750
Reserve for Payment of Debt, Ord. 2010-05	240,000
Capital fund Balance	95,638

## Improvement Authorizations:

## Ordinance

<u>number</u>	<u>General improvements</u>	
2008-32	Various Water Utility Improvements	273,172
2008-50	Various Water Utility Improvements	529,692
2009-31	Central Ave Water Improvements	559,274
2011-14	Water Utility Infrastructure Improvements	763,040
		\$ 1,249,938

Exhibit D-7

## TOWN OF KEARNY, N.J.

## **Due from East Orange Water Commission**

## Water Utility Operating Fund

## **Year Ended December 31, 2011**

Balance, December 31, 2010 \$ 88,152

**Exhibit D-8**

**TOWN OF KEARNY, N.J.**

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

**Water Utility Operating Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 1,286,628
Increased by:	
2011 Levy	<u>4,835,394</u>
	6,122,022
Decreased by:	
Cash receipts	<u>4,865,129</u>
Balance, December 31, 2011	\$ <u>1,256,893</u>

## TOWN OF KEARNY, N.J.

## Schedule of 2010 Appropriation Reserves

## Water Utility Operating Fund

Year Ended December 31, 2011

	Balance after transfers and encumbrances	Paid or charged	Balance <u>Lapsed</u>
Operating:			
Salaries and Wages	\$ 121	121	121
Other Expenses	15,630	58,346	52,425
North Jersey Water District Supply	5	5	5
Statutory Expenditures:			
Social Security	<u>4,983</u>	<u>4,983</u>	<u>4,983</u>
	<u>\$ 20,739</u>	<u>63,455</u>	<u>52,425</u>
			11,030
Encumbrances	42,716		
Appropriation Reserves	<u>20,739</u>		
	<u>\$ 63,455</u>		

## TOWN OF KEARNY, N.J.

## Schedule of Loans Receivable

## Water Utility Capital Fund

Year Ended December 31, 2011

Ordinance Number	Description	Balance, Dec. 31, 2010	Reduced	Balance, Dec. 31, 2011
	Environmental Infrastructure Loans:			
2009-31	Central Ave Water Improvements	\$ 1,475,375	906,747	568,628
		<u>1,475,375</u>	<u>906,747</u>	<u>568,628</u>

Analysis of Balance

Fund Loan	430,315
Trust Loan	138,313
	<u>\$ 568,628</u>

**TOWN OF KEARNY, N.J.**

**Schedule of Interfunds Due from/(to) Various Funds**

**Water Utility Operating Fund**

**Year Ended December 31, 2011**

	<u>Balance, Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2011</u>
Current Fund	\$ (247,622)	258,652	98,015	(86,985)
	<u>(247,622)</u>	<u>258,652</u>	<u>98,015</u>	<u>(86,985)</u>
Disbursements	\$ 258,652			
Balance of Appropriation Reserves lapsed			11,030	
NJ Environmental Infrastructure Loan Payment			86,985	
	<u>\$ 258,652</u>		<u>98,015</u>	

## TOWN OF KEARNY, N.J.

## Schedule of Fixed Capital

## Water Utility Capital Fund

Year Ended December 31, 2011

<u>Account</u>		Transferred from	
	Balance, Dec. 31, <u>2010</u>	Fixed Capital Authorized and <u>Uncompleted</u>	Balance, Dec. 31, <u>2011</u>
Mains and Accessories	\$ 8,755,411	5,000	8,760,411
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>1,500,000</u>	<u>4,219,310</u>
	<u>\$ 22,146,385</u>	<u>1,505,000</u>	<u>23,651,385</u>

## TOWN OF KEARNY, N.J.

## Schedule of Fixed Capital Authorized and Uncompleted

## Water Utility Capital Fund

Year Ended December 31, 2011

Ordinance number	Improvement description	Ordinance Date		Balance, Dec. 31, 2010	Authorized in 2011	Completed in 2011	Balance, Dec. 31, 2011
			Amount				
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
2011-14	Water Utility Infrastructure Improvements	May 24, 2011	1,000,000	1,000,000			1,000,000
2011-26	Refunding Bond Ordinance	Jun. 15, 2011	105,000		105,000	105,000	
				\$ 7,000,000	1,105,000	1,605,000	6,500,000
		</					

**Exhibit D-14**

**TOWN OF KEARNY, N.J.**

**Schedule of Accrued Interest on Bonds and Notes**

**Water Utility Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 12,883
Increased by:	
Budget Appropriation	<u>504,376</u>
	517,259
Decreased by:	
Payments	<u>355,785</u>
Balance, December 31, 2011	\$ <u>161,474</u>

<u>Analysis of Balance</u>	<u>Principal Outstanding</u>	<u>Period</u>	<u>Interest Rate</u>	<u>Required Amount</u>
	<u>December 31, 2011</u>			
\$	240,000	5 months	5.10%	4,356
	693,000	5 1/2 months	Various	15,737
	25,000	5 1/2 months	Various	458
	5,770,000	5 1/2 months	Various	104,838
	105,000	125 days	Various	903
	5,300,000	182 days	1.25%	<u>33,493</u>
				\$ <u>155,429</u>



**Exhibit D-16**

**TOWN OF KEARNY, N.J.**

**Schedule of Capital Improvement Fund**

**Water Utility Capital Fund**

**Year Ended December 31, 2011**

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

Balance, December 31, 2011	\$ <u>57,750</u>
----------------------------	------------------

**Exhibit D-17**

**Schedule of Reserve for Amortization**

**Water Utility Capital Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ 15,111,025
----------------------------	---------------

Increased by:

Payment of Serial Bond Principal	\$ 280,000
----------------------------------	------------

Payment of NJ Environmental Infrastructure	
--	--

Loan Principal	<u>71,460</u>
----------------	---------------

	<u>351,460</u>
--	----------------

Balance, December 31, 2011	\$ <u>15,462,485</u>
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## TOWN OF KEARNY, N.J.

## Schedule of Reserve for Payment of Debt, Ord. 2010-05

## Water Utility Capital Fund

### **Year Ended December 31, 2011**

Increased by:

Cash Receipts \$ 240,000

Balance, December 31, 2011

\$ 240,000

TOWN OF KEARNY, N.J.

### Schedule of Water Utility Serial Bonds

Water Utility Capital Fund

Year Ended December 31 2011

Year Ended December 31 2011

## TOWN OF KEARNY, N.J.

## Schedule of New Jersey Wastewater Loan Payable

## Water Utility Capital Fund

Year Ended December 31, 2011

	<u>Original Issue Date</u>	\$	Amount	Maturities of Loans Outstanding, <u>December 31, 2011</u>		Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
				<u>Date</u>	<u>Amount</u>				
Trust Share	03/10/10	\$ 365,000		08/01/12	15,000	5.00%	\$ 365,000	15,000	350,000
				08/01/13	15,000	5.00%			
				08/01/14	15,000	5.00%			
				08/01/15	15,000	5.00%			
				08/01/16	15,000	5.00%			
				08/01/17	15,000	5.00%			
				08/01/18	15,000	5.00%			
				08/01/19	20,000	4.00%			
				08/01/20	20,000	5.00%			
				08/01/21	20,000	3.00%			
				08/01/22	20,000	4.00%			
				08/01/23	20,000	4.00%			
				08/01/24	20,000	4.00%			
				08/01/25	25,000	4.00%			
				08/01/26	25,000	3.50%			
				08/01/27	25,000	4.00%			
				08/01/28	25,000	4.00%			
				08/01/29	25,000	4.00%			
Fund Share	03/10/10	\$ 1,110,375		02/01/12	18,820	*	1,072,735		1,016,275
				08/01/12	37,640	*			
				02/01/13	18,820	*			

## TOWN OF KEARNY, N.J.

## Schedule of New Jersey Wastewater Loan Payable

## Water Utility Capital Fund

Year Ended December 31, 2011

<u>Date</u>	<u>Original Issue Amount</u>	Maturities of Loans Outstanding, December 31, 2011			<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
		<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>				
Fund Share (cont.)								
08/01/13			37,640	*				
02/01/14			18,820	*				
08/01/14			37,640	*				
02/01/15			18,820	*				
08/01/15			37,640	*				
02/01/16			18,820	*				
08/01/16			37,640	*				
02/01/17			18,820	*				
08/01/17			37,640	*				
02/01/18			18,820	*				
08/01/18			37,640	*				
02/01/19			18,820	*				
08/01/19			37,640	*				
02/01/20			18,820	*				
08/01/20			37,640	*				
02/01/21			18,820	*				
08/01/21			37,640	*				
02/01/22			18,820	*				
08/01/22			37,640	*				
02/01/23			18,820	*				
08/01/23			37,640	*				
02/01/24			18,820	*				
08/01/24			37,640	*				

TOWN OF KEARNY, N.J.

## Schedule of New Jersey Wastewater Loan Payable

Water Utility Capital Fund

Year Ended December 31, 2011

Maturities of Loans Outstanding, December 31, 2011		Interest Rate	Decreased	Balance Dec. 31, 2010	Balance Dec. 31, 2011
Date	Original Issue Amount	Date	Amount		
02/01/25		18,820	*		
08/01/25		37,640	*		
02/01/26		18,820	*		
08/01/26		37,640	*		
02/01/27		18,820	*		
08/01/27		37,640	*		
02/01/28		18,820	*		
08/01/28		37,640	*		
02/01/29		18,820	*		
08/01/29		37,640	*		
					\$ 1,437,735
					71,460
					1,366,275

\* Interest Free

**Exhibit D-21**

**TOWN OF KEARNY, N.J.**

**Schedule of Interfunds Due from/(to) Various Funds**

**Water Utility Capital Fund**

**Year Ended December 31, 2011**

	Increased by:	Balance,
	Cash	Dec. 31,
	<u>Disbursements</u>	<u>2011</u>
General Capital Fund	\$ 700,000	700,000
	<u>\$ 700,000</u>	<u>700,000</u>

## TOWN OF KEARNY, N.J.

## Schedule of Bond Anticipation Notes Payable

## Water Utility Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
2008-32	Various Water Improvements	June 29, 2010	Jun. 28, 2011	Jun. 28, 2012	1.25%	\$ 1,500,000	1,500,000		1,500,000
2008-33	Water Meter Acquisition	June 29, 2010	Jun. 28, 2011	Jun. 28, 2012	1.25%	1,500,000	1,500,000		1,500,000
2008-50	Various Water Improvements	June 29, 2010	Jun. 28, 2011	Jun. 28, 2012	1.25%	1,300,000	1,300,000		1,300,000
2011-14	Water Utility Infrastructure Imp:	Jun. 28, 2011	Jun. 28, 2011	Jun. 28, 2012	1.25%		1,000,000		1,000,000
						\$ 4,300,000	5,300,000	4,300,000	5,300,000
						Cash	1,000,000		
						Renewed	4,300,000	4,300,000	4,300,000
							\$ 5,300,000		5,300,000

## TOWN OF KEARNY, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## Water Utility Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Balance, Dec. 31, 2010	Authorized	Issued	Balance, Dec. 31, 2011
2009-31	Central Ave Water Improvements	\$ 224,625			224,625
2010-05	North Hackensack Ave and Stern Ave Water Improvements	1,000,000			1,000,000
2011-14	Water Utility Infrastructure Improvements		1,000,000	1,000,000	
2011-26	Refunding Bond Ordinance	105,000		105,000	
		<hr/>	<hr/>	<hr/>	<hr/>
		\$ 1,224,625	1,105,000	1,105,000	1,224,625

**Exhibit E-1**

**TOWN OF KEARNY, N.J.**

**Schedule of Cash**

**Public Assistance Trust Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ <u>27,650</u>
Balance, December 31, 2011	\$ <u>27,650</u>

**Exhibit E-2**

**Reserve for Public Assistance Expenditures**

**Public Assistance Trust Fund**

**Year Ended December 31, 2011**

Balance, December 31, 2010	\$ <u>27,650</u>
Balance December 31, 2011	\$ <u>27,650</u>

**TOWN OF KEARNY**

**Letters on Compliance and on Internal Control**

**General Comments and Recommendations**

**Year Ended December 31, 2011**

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

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Steven D. Wielkotz, CPA, RMA  
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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements-regulatory basis of the Town of Kearny in the County of Hudson as of and for the year ended December 31, 2011, and have issued our report thereon dated June 14, 2012. 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

Management of the Town of Kearny is responsible for establishing and maintaining effective 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

June 14, 2012



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

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Steven D. Wielkotz, CPA, RMA  
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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AND STATE PROGRAM AND INTERNAL CONTROL WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04 AS AMENDED

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

### Compliance

We have audited the compliance of the Town of Kearny, County of Hudson, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended December 31, 2011. 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, 2011.



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 *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis.

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

June 14, 2012

## Schedule 1

## TOWN OF KEARNY, N.J.

## Schedule of Expenditures of Federal Awards

Year Ended December 31, 2011

Program	CFDA number	Grant period	Award Amount	Balance at December 31, 2010	Cash Received	Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2011	MEMO Cumulative Total Expenditures							
<b>Federal and State Grant Fund:</b>																
<u>U.S. Department of Justice:</u>																
Department of Homeland Security Assistance to Firefighters Grant	97.044	2011-12	139,163	\$ 15,462	15,462	59,952		(59,952) *	59,952							
Agency - Match Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.073	2003-04	125,000			6,662		8,800 *	6,662							
Emergency Management Assistance	97.036	2011	66,501			66,501		*	125,000							
Emergency Management Assistance	97.042	FY09	10,000	7,121	6,074			*	66,501							
Emergency Management Assistance	97.042	2010	10,000	10,000				1,047 *	8,953							
Emergency Management Assistance	97.042	2011	10,000		10,000			10,000 *	10,000 *							
Chemical Buffer Zone Protection Program	97.078	FY2009	1,219,310	(81)	81			*	1,219,307							
COPS Technology Program Grant		2010	200,000					*	*							
Justice Assistance Grant	16.738	FY2010	17,118					*	*							
Justice Assistance Grant - ARRA	16.804	FY2010	16,586	(36,842)	67,641	1,393		(1,393) *	1,393							
Justice Assistance Grant	16.738	2010	16,586			33,744		(2,945) *	70,586							
Justice Assistance Grant	16.738	2011	13,329			13,329		*	*							
				(19,802)	159,685	187,655		(13,329) *	13,329							
								(47,772) *	1,571,683							
<u>U.S. Department of Law and Public Safety:</u>																
Fire Prevention and Safety Grant								*	2,895							
(2) <u>U.S. Department of Transportation</u>																
National Highway Traffic Safety Administration Alcohol Impaired Driving Countermeasures Incentive Grant - Over the Limit, Under Arrest	20.601	2010	4,950		4,950	4,950		*	4,950							
		2011	2,700		2,700	2,700		*	2,700							
Pipeline and Hazardous Materials Safety Grant	20.710	2010	17,959	(17,924)	17,923		1	*	17,924							
				(17,924)	25,573	7,650	1	*	25,574							

Schedule 1

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2011

Program	CFDA number	Grant period	Award Amount	Balance at December 31, 2010	Cash Received	Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2011	MEMO Cumulative Total Expenditures
								*	*
Department of Health									67,519
Pandemic Influenza Preparedness Grant (H1N1)	93.069	FY2010	112,778	7,359			(7,359)		
Department of Energy									
Energy Efficiency & Conservation Block Grant	81.128	2009	158,600			158,600		(158,600)	* 158,600
Total Federal and State Grant Fund				(32,973)	187,864	353,905	(7,358)	(206,372)	* 1,826,331
Water Utility Capital Fund:									
Department of Environmental Protection - Office of Water Capitalization Grants for Drinking Water, State Revolving Funds - ARRA (Central Ave. Water Imps.)	66.468	2009	782,730		680,060	685,314		(5,254)	* 685,314
Total Water Utility Capital Fund					680,060	685,314		(5,254)	* 685,314
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						
Façade Improvement Program	14.219	2003	50,000						
Harvey Field House-Bathroom	14.219	2007	300,000	(38,121)				(38,121)	* 47,977
Woodland Avenue Reconstruction	14.219	2008	200,000						300,000
Sellers Street Reconstruction - Phase II	14.219	2010	336,762						193,285
Town Hall ADA Compliance	14.219	2010	100,000						
Bergen Avenue Paving/Water Improvements	14.219	2011	250,000						
Town Hall ADA Compliance	14.219	2011	82,250						
ADA Impr. to Veteran's Field	14.219	2011	110,000						
Total Trust Funds				(38,121)		90,779		(128,900)	* 632,041
Total Federal Awards				\$ (71,094)	867,924	1,129,998	(7,358)	(340,526)	* 3,143,686

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

Year Ended December 31, 2011

Grant number	Grant period	Award Amount	Balance December 31, 2010	Cash Received	Budgetary Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2011	MEMO Cumulative Total Expenditures
<b>Department of Commerce &amp; Economic Development:</b>								
Urban Enterprise Zone Program:								
Administration		\$ FY2010	199,957	(3,670)	2,940	730	*	198,254
Administration	2010	180,000	(63,193)	120,628	57,435		*	120,628
Administration	FY2011	120,292	35,925	47,931		(12,006)	*	47,931
Business Development Revolving Loan	FY2007	300,000	880	(2,950)	(880)		*	121,737
Business Development Revolving Loan	FY2008	22,500	(560)	7,247	(1,035)	1,915	*	17,422
Business Development Revolving Loan	FY2010	600,000			350,875		(344,188)	560
Marketing and Zone Promotion - Phase II	2010	49,800					*	
Marketing and Zone Promotion	FY2010	500,140	(129,589)	239,830	154,478	455	(43,782)	394,633
Jacobus Avenue Phase III	FY2009	820,290	(5,361)	430,406	547,774		(122,729)	* 593,474
Sellers Street Reconstruction Phase I	FY2010	1,019,640	(42,900)		(42,900)		*	182,279
Sellers Street Reconstruction Phase II	FY2011	1,059,500			170,024	636,620	(466,596)	* 636,620
Kearny Avenue Streetscape, Phase V	FY2011	535,050			65,088	535,442	(40,354)	535,442
Kearny Avenue Resurfacing	FY2011	568,641			316,691	476,058	(159,367)	* 476,058
Schuyler Avenue Parking Lot	FY2010	62,612	(16,686)	13,499	(3,187)		*	43,698
Clean Project Year 2	2010	271,696	(12,750)	113,435	77,572	(24,763)	(1,650)	* 118,951
Clean Project Year 3	FY2011	116,783			15,639		*	15,639
Public Safety Project- Year 2	2010	140,592	17,771	67,900	84,875	(796)	*	51,738
Public Safety Project- Year 3	FY2011	132,210		73,068	73,068		*	73,068
Shopping Bus Year 2	FY2010	70,595	2,053		(2,053)		*	50,068
Zone Fire Engine - Custom Pumper	FY2010	380,000	(360,699)	360,699			*	360,699
Zone Fire Engine - Custom Pumper	2010	95,000	4,825		(4,825)		*	90,175
		(612,829)	2,033,019	3,010,645	(30,217)	(1,620,672)	*	4,129,074
<b>Department of Community Affairs</b>								
Municipal Alliance Program	2010	42,197	(41,595)	41,595	42,185		*	42,121
Municipal Alliance Program	2011	42,197		27,204			(14,981)	* 42,185
		(41,595)	68,799	42,185			(14,981)	* 84,306
<b>Department of Environmental Protection</b>								
Clean Communities Program	FY2009	44,739	11,314					11,314
Clean Communities Program	2008-09	46,584	46,584					46,584
Clean Communities Program	2011	44,209						44,209

## TOWN OF KEARNY, N.J.

## Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2011

Grant number	Grant period	Award Amount	Balance December 31, 2010	Cash Received	Budgetary Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2011	MEMO Cumulative Total Expenditures
							*	
Dept. of Environmental Protection, cont.							*	
Recycling Tonnage Grant	FY2010	28,172	22,357				22,357 *	5,815
Recycling Tonnage Grant	2011	37,663		37,663			37,663 *	
Recycling Tonnage Grant	2011	54,337		54,337			54,337 *	
NJ Community Forestry Program	2010	7,000	(7,000)	6,700	(300)			* 6,700
New Jersey Department of Transportation:							*	
New Jersey Transit Grant	FY2010	10,000		1,118	1,118			
Department of Law and Public Safety:							*	
Drunk Driving Enforcement Fund	FY10	14,755		4,036			4,036 *	10,719
Pedestrian Safety Education and Enforcement	2010	9,000		7,200	7,200			
Body Armor Grant	FY2007	4,345			4,345			* 4,345
Body Armor Grant	FY2008	13,121			13,121			* 13,121
Body Armor Grant	FY2009	11,414			11,414			* 2,838
Body Armor Grant	2010	3,406			3,406			
Body Armor Grant	2010	9,804			9,804			* 9,804
Body Armor Grant	2011	10,214			10,214			* 10,214
Other State Agencies								
Paris Grant	FY2010	37,500		9,375	9,375			* 37,500
Total State Assistance								

## TOWN OF KEARNY, N.J.

## Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2011

Grant number	Grant period	Award Amount	Balance December 31, 2010	Cash Received	Budgetary Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2011	<u>MEMO Cumulative Total Expenditures</u>
							*	
<u>Other Financial Assistance:</u>								
Hudson County:							*	*
Hudson County Health Dept. - Office of the Aging							*	*
							*	*
							*	*
<u>Open Space Trust Fund:</u>								
Veterans Field House Construction	N/A	100,000	(24,106)	49,580	75,474		(50,000)	99,580
Veterans Field House Construction	N/A	97,000			97,000		(97,000)	97,000
Library Reading Park Construction	N/A	50,000						
LEED Improvements at Veteran's Field	N/A	175,000			175,000		(175,000)	175,000
All Season Multipurpose Veteran's Field	N/A	350,000			153,600		(153,600)	153,600
Brighton Avenue Playground	N/A	200,000	(16,765)	16,689	183,235		(183,311)	200,000
All Season Surface - Veteran's Field	PI-07-10	100,000						
Development of Riverbank Park	PI-09-10	300,000			7,646	20,485	(12,839)	20,485
Veterans Field House Construction	OS-27-07	110,000			110,000		(110,000)	110,000
<u>Other Miscellaneous Local Assistance:</u>								
New Jersey Health Officers Association:							*	*
H1N1 Corrective Action	N/A	10,000		5,601	5,601			
Jersey Fresh Grant	N/A	1,482	1,482				1,482	*
NJ Transit Reforestation Plan	N/A	68,400	68,400				68,400	*
Port Security Grant	N/A	75,000	18,750				18,750	*
Total Other Financial Assistance			47,761	123,196	864,075		(693,118)	938,159
			(487,282)	2,395,830	3,954,602	(30,217)	(2,076,271)	5,276,002
<u>Total Federal and State Grant Fund</u>								
General Capital Fund:							*	*
Department of Transportation:							*	*
Various Road and Sewer Repairs	2008-34	310,000	(128,435)	105,102	12,698	23,333		286,667
Elm Street & Laurel Ave Road Signal and Road Imp	2009-37	267,817	(82,525)	95,223				109,211
Road Improvements and Traffic Signals for Belgrave								
Dr./Woodland Ave and Seely Ave/Elm St - Ord. 2010-7	2010-07	400,805	64,736		223,295			352,908
Various Road/Sewer/Intersection Imps. -								
Wilson and Kearny Avenues - Ord. 2011-13		207,781						
		(146,224)		200,325	235,903	23,333		748,806

## TOWN OF KEARNY, N.J.

## Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2011

Grant number	Grant period	Award Amount	Balance December 31, 2010	Cash Received	Budgetary Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2011	MEMO Cumulative Total Expenditures
							*	*
Green Acres Grant:								
Multi-Park Improvements	2008-36	500,000	(500,000)				(500,000)	* 42,962
Harvey Field Soccer Field	2009-42	435,000	(435,000)				(435,000)	* 435,000
Waterfront Property Acquisition (Magullian Property	2010-40	574,500	(574,500)				(574,500)	* 574,500
				(1,509,500)			(1,509,500)	* 1,952,462
Hudson County Open Space:								
Various Capital Improvements	2007-30	110,000	(110,000)				110,000	* 110,000
Total General Capital Fund								
Water Utility Capital Fund								
Department of Environmental Protection								
Central Avenue Water Improvements - Infrastructure Trust Financing - Trust Portion								
Total Water Utility Capital Fund	2009	260,910		226,687	228,438		(1,751)	* 228,438
Total State Awards/Other Awards				226,687	228,438		(1,751)	* 228,438
				\$ (2,253,006)	2,822,842	4,419,033	103,116	* 7,415,708

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, 2011**

**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	\$353,905	\$3,090,527	\$864,075	\$4,308,507
Community Development Grant Fund	90,779			90,779
General Capital Fund		235,993		235,993
Water Utility Capital Fund	<u>685,314</u>	<u>228,438</u>	<u>\$864.075</u>	<u>913,752</u>
	<u>\$1,129,998</u>	<u>\$3,554,958</u>		<u>\$5,549,031</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, 2011**  
**(CONTINUED)**

**NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING**

The Town's federal and state loans outstanding at December 31, 2011, 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	\$8,205,777
State of New Jersey Environmental Infrastructure	
Trust Loan Program - Utility Capital Fund	1,366,275
State of New Jersey Green Acres Bond Act	<u>681,940</u>
	<u><u>\$10,253,992</u></u>

**TOWN OF KEARNY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

*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? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> X <input type="checkbox"/> none reported |
| 2. Material weakness(es) identified?  | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> X <input type="checkbox"/> 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? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> X <input type="checkbox"/> none reported |
| 2. Material weakness(es) identified?  | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> X <input type="checkbox"/> 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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>81.128</u>	<u>Department of Energy - Energy Efficiency &amp; Conservation Block Grant</u>
<u>66.468</u>	<u>Department of Environmental Protection - Office of Water Capitalization Grants for Drinking Water</u>

**TOWN OF KEARNY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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

**State Awards Section**

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

\$ 300,000

Auditee qualified as low-risk auditee?       X       yes                  no

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

Internal Control over compliance:

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

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>2830-763-250120-50</u>	<u>Urban Enterprise Zone Program - Business Development Revolving Loan</u>
<u>2830-763-250120-50</u>	<u>Urban Enterprise Zone Program - Sellers St. Reconstruction, Phase II</u>

**TOWN OF KEARNY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(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 \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000.

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

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

Janitorial Services	Quick Attack Vehicle for Fire Department
Sidewalk Cleaning	2011 Road Program B
Jacobus Avenue Reconstruction	Sidewalk Cleaner
2011 Road Program	Traffic Signal at Kearny Avenue and Wilson Avenue
Field House at Veteran's Field	Recyclable Materials Collection Service
Water Meter Reading, Billing, Collections & Customer Service	

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. No violations were disclosed.

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

## TOWN OF KEARNY

### GENERAL COMMENTS, (continued)

#### **Collection of Interest on Delinquent Taxes and Assessments**

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

The governing body on January 5, 2011 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 July 6, 2011 and was complete.

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

**TOWN OF KEARNY**

**GENERAL COMMENTS, (continued)**

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

	<u>Number of Liens</u>
Year Ended December 31, 2011	17
Year Ended December 31, 2010	19
Six Month Period Ended	
December 31, 2009	17

**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, 2011, 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.

**TOWNSHIP OF KEARNY**

**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. \*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".
3. No provision for debt service payments related to the New Jersey Department of Environmental Infrastructure Trust Loan financing program was made in the 2011 Water Utility Operating Fund Budget.
4. There is an unfunded ordinance over five years old for which expenditures have been made that has not been funded.
5. An inter-fund transfer was made between the Current Fund the Affordable Housing Trust Fund in violation of the Fair Housing Act substantive rule 5:94-6.12.
6. Interest earned on deposits in the Affordable Housing Trust are being transferred to the Current Fund rather than retained as income in the Trust Fund.
7. Intra-funds between the Escrow, Other Trust and Affordable Housing have not been rectified.
8. There are old miscellaneous receivables in the Other Trust Fund.
9. 1099's are not being issued to all vendors/individuals that were compensated in excess of \$600 in violation of IRS regulations.
10. Town officials are not utilizing on-line resources to ensure that payroll taxes and deductions are being remitted by the payroll service provider with respective government agencies in a timely manner.
11. An update to the fixed assets report was not performed for the year ended December 31, 2011.

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.
3. Not all bid packages were made available for audit review.

**TOWNSHIP OF KEARNY**

**OTHER COMMENTS (cont.),**

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 610 tickets assigned but not issued over 180 days on the December monthly management report.
3. There were 128 tickets eligible for dismissal on the December monthly management report.
4. Agency checks are not always being issued by the 15<sup>th</sup> of the following month of receipt.

**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. \*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".
3. Provisions for all debt service payments owed be made in the appropriate budget.
4. Town officials take the necessary steps to fund ordinances for which expenditures have been made but that no permanent funding has been provided.
5. Future inter-fund transfers from the Council on Affordable Housing Trust Fund should not be permitted.
6. All interest earned on deposits in the Council on Affordable Housing Trust Fund should be retained in the account.
7. The various intra-funds between the Escrow, Other Trust and Affordable Housing be investigated and either liquidated, raised and/or cancelled via resolution.
8. The aging receivables in the Other Trust Fund should be investigated for possible resolution and either raised and/or cancelled via resolution.
9. A 1099 be issued to all vendors/individuals that were compensated in excess of \$600 in accordance with IRS regulations.

## TOWNSHIP OF KEARNY

### RECOMMENDATIONS (cont.),

#### Finance/Treasurer, cont.

10. Town officials enroll in on-line resources with the State of New Jersey and Internal Revenue Service to verify that payroll taxes and deductions are being remitted by the payroll service provider in a timely manner.
11. The fixed asset report be updated for additions and disposals on an annual basis.

#### Municipal Clerk

1. \*Official minutes of the Mayor and Council meetings be signed by the Town Clerk.
2. \*Official minutes of the Mayor and Council be reviewed and approved at subsequent meetings.
3. All bid packages be made available for review to ensure Town compliance with the Local Public Contracts Law.

#### Municipal Court

1. \* Court officials reconcile the Bail on Account per ATS/ACS to the reconciled cash balance at month end to ensure balances are in agreement.
2. \*Tickets that have been assigned but not issued that have been outstanding for over 180 days be recalled and either reassigned or destroyed.
3. Tickets eligible for dismissal be investigated and processed in a timely manner.
4. Disbursements to the appropriate agencies be made by the 15<sup>th</sup> of the following month of collection.

**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

June 14, 2012