

TOWN OF KEARNY

**Financial Statements With
Supplementary Information**

June 30, 2007

(With Independent Auditors' Reports Thereon)

TOWN OF KEARNY

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets-regulatory basis of the various funds and account group of the Town of Kearny in the County of Hudson, as of and for the years ended June 30, 2007 and 2006, and the related statements of operations and changes in fund balance-regulatory basis for the year then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the fiscal year ended June 30, 2007. These financial statements are the responsibility of the Town of Kearny's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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





In our opinion, because of the Town of Kearny's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Town of Kearny, New Jersey as of June 30, 2007 and 2006, 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 as of June 30, 2007 and 2006, 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 of the various funds for the year ended June 30, 2007, on a modified accrual basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated January 14, 2008 on our consideration of the Town of Kearny's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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


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


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

January 14, 2008



TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

June 30, 2007 and 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>			
Regular Fund:			
Current Assets:			
Cash - Operating Accounts	A-4	\$ 184,818	2,396,894
Cash - Change Fund	A-5	800	800
		<u>185,618</u>	<u>2,397,694</u>
Due from State of New Jersey per			
Ch. 129, P.L. 1976	A-7	166,343	172,053
Due from UEZ - Bond Reimbursement	A-11		693,900
Due from Kearny Utility Authority	A-13	860,000	
Due from UEZ - Administrative Reimbursement	A-11	<u>646,277</u>	<u>285,051</u>
		<u>1,672,620</u>	<u>1,151,004</u>
		<u>1,858,238</u>	<u>3,548,698</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-8	1,098,696	1,172,057
Tax Title Liens	A-9	6,606,761	6,254,991
Property Acquired for Taxes -			
Assessed Valuation	A-10	1,512,500	1,512,500
Revenue Accounts Receivable	A-12	95,767	81,405
Various Accounts Receivable	A-13	311	860,311
Interfunds Receivable:			
Federal and State Grant Fund	A-20	1,453,942	287,234
Other Trust Fund	A-20	8,408	1,833
Animal License Trust	A-20		7,140
General Capital Fund	A-20	<u>175,035</u>	<u>33</u>
		<u>10,951,420</u>	<u>10,177,504</u>
Deferred Charges:			
Emergency Authorizations	A-14	100,000	425,000
Deficit in Operations	A-14	<u>407,342</u>	
		<u>507,342</u>	<u>425,000</u>
		<u>13,317,000</u>	<u>14,151,202</u>
Federal and State Grant Fund:			
Cash - Operating Accounts	A-4	474,702	
Grants Receivable	A-15	<u>6,853,220</u>	<u>8,187,126</u>
		<u>7,327,922</u>	<u>8,187,126</u>
		<u>\$ 20,644,922</u>	<u>22,338,328</u>

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

June 30, 2007 and 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
Liabilities, Reserves and Fund Balance			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3/A-16 \$	525,923	1,319,193
Unencumbered	A-3/A-16	389,439	1,381,379
Reserve for:			
Maintenance of Free Public Library w/ State Aid	A-17	60,747	54,943
Accounts Payable	A-18	177,667	58,923
Tax Overpayments	A-19	21,993	88,237
Appropriated UEZ		170,753	
Prepaid Taxes	A-23	31,948	83,913
		<u>1,378,470</u>	<u>2,986,588</u>
Reserve for Receivables	Contra	10,951,420	10,177,504
Fund Balance	A-1	<u>987,110</u>	<u>987,110</u>
		<u>13,317,000</u>	<u>14,151,202</u>
Federal and State Grant Fund			
Unappropriated Reserve for Grants	A-24	5,300	54,185
Interfunds Payable	A-25	1,453,942	2,238,563
Reserve for Grant Encumbrances	A-26	2,111,313	213,165
Reserve for Grant Expenditures	A-26	3,282,665	5,681,213
Reserve for UEZ		<u>474,702</u>	
		<u>7,327,922</u>	<u>8,187,126</u>
		<u>\$ 20,644,922</u>	<u>22,338,328</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

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

Current Fund

Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues and Other Income:		
Fund Balance Utilized		1,949,000
Miscellaneous Revenue Anticipated	37,262,041	36,391,978
Receipts from Delinquent Taxes	1,152,003	731,603
Receipts from Current Taxes	84,536,581	79,366,529
Non-Budget Revenue	683,759	454,803
Other Credits to Income:		
Grants Canceled	11,079	112,527
Accounts Payable Canceled		2,827
Prior Years Interfunds Returned	8,046	260,088
Unexpended Balance of Appropriation Reserves	<u>384,650</u>	<u>401,268</u>
Total Revenues and Other Income	<u>124,038,159</u>	<u>119,670,623</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	30,674,390	28,406,901
Other Expenses	30,166,918	25,682,532
Capital Improvement Fund	100,000	30,000
Municipal Debt Service	2,347,397	6,362,724
Deferred Charges	257,847	137,524
Judgements		8,000
Statutory Expenditures	<u>1,177,000</u>	<u>1,247,800</u>
	<u>64,723,552</u>	<u>61,875,481</u>
Interfund Charges (Net)	1,627,644	1,314,523
Prior Year Revenue Refund	2	38,843
County Taxes	15,766,665	14,829,285
Local District School Tax	<u>42,427,638</u>	<u>41,514,635</u>
Total Expenditures	<u>124,545,501</u>	<u>119,572,767</u>
Excess (Deficit) Revenue Over Expenditures	(507,342)	97,856
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which Are By Statute Deferred		
Charges to Budget of Succeeding Year	<u>100,000</u>	<u>425,000</u>
Statutory Excess to Fund Balance		522,856
Deficit in Operations to be Raised in Budget of Succeeding Year	<u>(407,342)</u>	
Fund Balance, July 1,	<u>987,110</u>	<u>2,413,254</u>
	987,110	2,936,110
Decreased by:		
Fund Balance Utilized as Budget Revenue		<u>1,949,000</u>
Fund Balance, June 30,	<u>987,110</u>	<u>987,110</u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended June 30, 2007

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$		
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	48,200	43,417	(4,783)
Other	83,900	108,218	24,318
Fees and Permits:	142,700	136,147	(6,553)
Fines and Costs:			
Municipal Court	1,041,000	926,164	(114,836)
Interest and Costs on Taxes	313,000	322,926	9,926
Parking Meters	175,000	207,414	32,414
Interest on Investments and Deposits	172,000	447,971	275,971
Hackensack Meadowlands Development Corporation	3,870,000	3,966,036	96,036
Hartz Mountain Lease Agreement	120,000	122,736	2,736
Legislative Initiative Municipal Block Grant	158,852	158,852	
Consolidated Municipal Property Tax Relief Aid	4,290,069	4,290,069	
Energy Receipts Tax	16,540,255	16,540,255	
Supplemental Energy Receipts Tax	848,652	848,652	
Garden State Trust Fund	1,039	1,033	(6)
Municipal Homeland Security Assistance	140,000	140,000	
Extraordinary Aid	900,000	900,000	
Uniform Construction Code Fees	875,000	726,113	(148,887)
State and Federal Revenues Offset w/ Appropriations:			
2006 Pandemic Influenza Preparedness Grant	7,860	7,860	
We the People Grant-Library	826	826	
FY 06 New Jersey Transit Grant	60,000	60,000	
FY 07 New Jersey Transit Grant	60,000	60,000	
2005 Bullet Proof Vest	12,675	12,675	
2006 Tobacco Age of Sale Enforcement	2,580	2,580	
Municipal Alliance	47,742	47,742	
State Local Co-op Housing Inspection Program	20,000	20,000	
Public Health Priority Funding	23,080	23,080	
Hudson County OEM State Homeland Security	10,861	10,861	
NJ Council for the Humanities - Library	390	390	
FY 06 Recycling Tonnage Grant	12,959	12,959	
2006 Bullet Proof Vest	9,735	9,735	
2006 Hudson County Office on Aging	22,100	22,100	
2007 ROIDS grant	6,862	6,862	
2006 Body Armor Grant	11,011	11,011	
2007 MAP Grant	100,000	100,000	
KUEZ - Marketing and Zone Promotion Phase II	280,000	280,000	
KUEZ - Business Development Revolving Loan	300,000	300,000	
KUEZ - Kearny Ave Streetscape Extension	1,947,325	1,947,325	
KUEZ - Zone Fire Engine - Custom Pumper	175,000	175,000	
2007 Pandemic Influenza Preparedness Grant	10,597	10,597	
2007 Clean Communities	33,236	33,236	
Jersey Fresh Grant	400	400	
KUEZ - Administrative FY 08	407,342	407,342	
2007 Office on Aging	40,000	40,000	
2007 Justice Assistance Grant	15,315	15,315	
Speed Enforcement Grant	4,000	4,000	
Other Special Items:			
Life Hazard Use Fees - Uniform Fire Safety Act	75,000	79,509	4,509
KUEZ - Administrative	361,226	361,226	

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended June 30, 2007

	<u>Budget</u>	<u>Realized</u>	Excess or (Deficit)
Kearny Municipal Utilities Authority Sludge Removal	860,000	860,000	
Kearny MUA Sludge Removal - Receivable	860,000	860,000	
KUEZ Debt Service Kearny Avenue Project	671,400	671,400	
KUEZ Debt Service Kearny Avenue Project - Receivable	693,900		(693,900)
Interfunds Accouts Receivable			
Federal and State Grant Fund	474,000	474,000	
General Capital Fund Balance	206,645	206,645	
New Jersey Meadowlands Commission	210,500	210,500	
PILOT Payments	29,000	30,861	1,861
	<u>37,783,235</u>	<u>37,262,041</u>	<u>(521,194)</u>
Total Miscellaneous Revenues			
Receipts from Delinquent Taxes	818,000	1,152,003	334,003
	<u>38,601,235</u>	<u>38,414,044</u>	<u>(187,191)</u>
Subtotal General Revenues			
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	27,629,813	27,949,479	319,666
	<u>66,231,048</u>	<u>66,363,523</u>	<u>132,475</u>
Budget Totals			
Non-Budget Revenue		683,759	683,759
	<u>\$ 66,231,048</u>	<u>67,047,282</u>	<u>816,234</u>

TOWN OF KEARNY, N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended June 30, 2007

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 84,536,581
Allocated to County of Hudson	\$ 15,766,665
Local School District	<u>42,427,638</u>
	<u>58,194,303</u>
Balance for Support of Municipal Budget Appropriations	26,342,278
Add : Appropriation - Reserve for Uncollected Taxes	<u>1,607,200</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 27,949,478</u>
Receipts from Delinquent Taxes:	
FY 2006 Collections	<u>1,152,003</u>
	<u>\$ 1,152,003</u>

Analysis of Non-budget Revenues

Miscellaneous Revenue Not Anticipated

Response Calls - NJTP	\$ 3,000
Refunds	6,405
DMV	3,711
Arc Development	17,471
Bail	11,571
Voided Checks	582
NSF Checks	175
Sewer Rebate	2,504
Housing	18,027
Dental	30,891
Emergency Management	5,000
Military Leave	2,025
KMUA	116,400
Recycling	63,641
Health	12,650
Rentals	950
Police Private Duty	25,722
Auction	42,400
S/C Administration Fee	4,657
Comcast	80,890
NJMC Landfill Fees	231,352
Civil Union Fees	3,135
Miscellaneous	<u>600</u>
	<u>\$ 683,759</u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2007

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
General Government:					
Administration:					
Salaries and Wages	\$ 208,000	251,242	251,242		
Other Expenses					
Misc. Other Expenses	57,700	66,700	66,460	240	
Mayor and Council					
Salaries and Wages	95,325	94,570	94,507	63	
Other Expenses	3,800	5,256	3,635	1,621	
Town Clerk					
Salaries and Wages	192,135	203,522	203,522		
Other Expenses	29,200	29,060	28,537	523	
Elections:					
Salaries and Wages	4,500	2,980	2,980		
Other Expenses	29,800	27,800	27,800		
Legal:					
Salaries and Wages	57,600	50,000	50,000		
Other Expenses	500,000	555,000	554,983	17	
Prosecutor:					
Salaries and Wages	15,298	15,298	15,298		
Other Expenses	1,000	1,000		1,000	
Auditor:					
Other Expenses	59,000	59,000	59,000		
Engineering:					
Salaries and Wages	30,000	30,000	30,000		
Other Expenses	30,000	20,000	20,000		
Beautification:					
Other Expenses	500	500	500		
Publicity and Industrial Development:					
Other Expenses	7,000	4,600	4,564	36	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund					
Year Ended June 30, 2007					
	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Insurance:					
Life Insurance for Employees	51,000	49,534	49,534		
Employee Hospitalization	9,463,000	9,030,037	8,934,657	95,380	
Other Insurance	44,000	46,400	46,233	167	
Dedicated Insurance Fund	1,600,000	1,600,000	1,600,000		
Municipal Court					
Salaries and Wages	604,516	516,936	516,936		
Other Expenses	51,400	32,256	30,904	1,352	
Public Defender:					
Salaries and Wages	9,114	14,114	14,114		
Financial Administration:					
Treasurer:					
Salaries and Wages	200,644	225,392	225,392		
Other Expenses	327,600	363,342	359,631	3,711	
Assessment of Taxes:					
Salaries and Wages	108,688	141,629	141,629		
Other Expenses	24,575	33,575	32,241	1,334	
Collection of Taxes:					
Salaries and Wages	253,765	262,283	262,283		
Other Expenses	23,024	22,024	21,653	371	
Public Safety:					
Police:					
Salaries and Wages	14,118,983	14,506,006	14,505,523	483	
Other Expenses	612,800	574,800	561,073	13,727	
Uniform Fire Safety Act: (P.L. 1983 Chap. 383)					
Fire:					
Salaries and Wages	9,647,356	9,568,858	9,568,858		
Other Expenses	208,876	322,876	320,444	2,432	
Emergency Management Services:					
Other Expenses	5,000	5,000	4,951	49	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2007

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Health and Welfare					
Board of Health					
Salaries and Wages	692,905	536,098	536,098		
Other Expenses	62,475	54,475	51,926	2,549	
Intercounty Council on Drugs	6,000	6,000	6,000		
Board of Health-Contractual agreement	39,630	17,423	17,360	63	
Human Services					
Other Expenses	5,000	5,000	5,000		
Meals on Wheels Program					
Other Expenses	37,500	37,500	33,717	3,783	
Animal License					
Other Expenses	55,734	60,734	60,734		
Shelter Workshop for Handicapped					
Other Expenses	22,000	22,000	22,000		
Department of Public Works					
Road Repairs and Maintenance:					
Salaries and Wages	1,501,419	1,670,125	1,670,125		
Other Expenses	162,625	178,625	175,579	3,046	
Shade Tree:					
Salaries and Wages	433,582	387,476	387,476		
Other Expenses	152,405	164,405	163,499	906	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2007

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public Buildings and Grounds:					
Salaries and Wages	246,486	250,025	250,025		
Other Expenses	116,978	145,978	145,541	437	
Vehicle Maintenance:					
Salaries and Wages	195,694	168,849	168,849		
Other Expenses	95,700	152,700	152,694	6	
Recreation and Parks:					
Recreation:					
Unified Recreation Committee	275,486	276,656	276,656		
Other Expenses	76,000	61,144	60,903	241	
Town Historian					
Other Expenses	500	500		500	
Celebration of Public Events:					
Other Expenses:	33,000	13,544	13,325	219	
Senior Citizen Center					
Salaries and Wages	163,087	134,781	134,781		
Other Expenses	13,600	11,600	10,964	636	
Construction Code Enforcement					
Salaries and Wages	655,293	747,639	747,639		
Other Expenses	54,200	51,700	51,700		
Zoning Commission					
Salaries and Wages	3,000	3,000	2,000	1,000	
Other Expenses	32,850	21,350	21,122	228	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2007

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Board of Appeals					
Salaries and Wages	1,750	1,750	1,454	296	
Other Expenses	3,200	3,200	1,573	1,627	
Planning Board					
Salaries and Wages	3,000	2,820	2,820		
Other Expenses	27,400	42,900	42,748	152	
Parking Lot Lease Payment	40,000	33,034	33,034		
Management Information					
Salaries and Wages	43,661	42,292	42,292		
Other Expenses	94,500	64,500	64,500		
Unclassified:					
Electricity and Gas	320,000	420,771	392,075	28,696	
Street Lighting	560,000	580,000	560,000	20,000	
Communications	183,827	272,427	251,739	20,688	
Block Parents Program	1,000	1,000	992	8	
Gasoline	230,000	260,263	258,649	1,614	
Postage	55,000	53,351	53,351		
Salary and Wage Adjustment	200,000				
North Hudson Community Action Council	10,000	10,000	10,000		
Rental of Pumps	100,000	115,382	115,382		
Landfill and Solid Waste Disposal Costs					
Garbage and Trash Removal:					
Contractual	1,200,000	1,200,000	1,200,000		
Bailer Fees	1,900,000	1,826,000	1,764,597	61,403	
Total Operations within "CAPS"	48,781,686	48,840,607	48,570,003	270,604	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2007

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
	2,000	2,000	2,000		
B. Contingent					
Total Operations Including Contingent-within "CAPS"	48,783,686	48,842,607	48,572,003	270,604	
Detail:					
Salaries & Wages	29,961,287	30,104,341	30,102,499	1,842	
Other Expenses (Including Contingent)	18,822,399	18,738,266	18,469,504	268,762	
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
(1) Deferred Charges	7,847	7,847	7,847		
Deficit in Animal License Trust					
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	780,000	817,000	816,880	120	
Consolidated Police and Firemen's Pension	270,000	270,000	269,588	412	
Unemployment Insurance	90,000	90,000	75,257	14,743	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	1,147,847	1,184,847	1,169,572	15,275	
Total General Appropriations for Municipal Purposes within "CAPS"	49,931,533	50,027,454	49,741,575	285,879	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2007

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Passaic Valley Sewer Commission:					
Share of Costs	3,800,000	3,800,000	3,719,618	80,382	
Maintenance of Free Public Library (Ch. 82 & 541, P.L. 1985)					
Contribution	1,038,163	1,038,163	1,014,985	23,178	
Public Employees' Retirement System	294,863	294,863	294,863		
Police and Firemen's Retirement System	2,857,945	2,857,945	2,857,945		
Total Other Operations - Excluded from "CAPS"	7,990,971	7,990,971	7,887,411	103,560	
Public and Private Programs Offset by Revenues					
Body Armor Grant	11,011	11,011	11,011		
Bullet Proof Vest Partnership Grant	12,675	12,675	12,675		
Match	12,675	12,675	12,675		
Bullet Proof Vest Partnership Grant	9,735	9,735	9,735		
COPS in School	22,100	22,100	22,100		
Speed Enforcement Grant	4,000	4,000	4,000		
Jersey Fresh	400	400	400		
State Cooperative Housing Inspection Program	20,000	20,000	20,000		
Health Office on Aging Title III Older Americans	40,000	40,000	40,000		
Pandemic Flu Preparedness	18,457	18,457	18,457		
Tabacco Age of Enforcement	2,580	2,580	2,580		

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2007

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
NJ Transit Shuttle Bus 2007	60,000				
NJ Transit Shuttle Bus 2006	55,742	55,742	55,742		
NJ Transit Grant	4,258	4,258	4,258		
Justice Assistance Grant	15,315	15,315	15,315		
NJMC Municipal Assistance	100,000	100,000	100,000		
Recreational Opportunities Grant	6,862	6,862	6,862		
We The People Grant	826	826	826		
Clean Communities Grant	33,236	33,236	33,236		
Public Health Priority Funding					
Salaries and Wages	23,080	23,080	23,080		
Urban Enterprise Zone-Administration					
Salaries and Wages	546,968	546,968	546,968		
Other Expenses	221,600	221,600	221,600		
UEZ Marketing and Zone Promotion	280,000	280,000	280,000		
UEZ Kearny Ave Streetscape Extension	1,947,325	1,947,325	1,947,325		
UEZ Business Development Revolving Loan	300,000	300,000	300,000		
UEZ Zone Fire Engine Custom Pumper	175,000	175,000	175,000		
Recycling Tonnage Grant	12,959	12,959	12,959		
Municipal Alliance	47,742	47,742	47,742		
Council for Hummaities	11,935	11,935	11,935		
NJ Council for Hummaities	390	390	390		
Hudson County OEM Grant	10,861	10,861	10,861		
Total Public and Private Programs Offset by Revenues	4,007,732	3,947,732	3,947,732		

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

	Current Fund				Unexpended Balance Canceled
	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	
Year Ended June 30, 2007					
Total Operations-Excluded from "CAPS"	11,998,703	11,938,703	11,835,143	103,560	
Detail:					
Salaries and Wages	570,048	570,048	570,048		
Other Expenses	11,428,655	11,368,655	11,265,095	103,560	
Capital Improvements-"Excluded from CAPS"					
Capital Improvement Fund	100,000	100,000	100,000		
Total Capital Improvements-"Excluded from CAPS"	100,000	100,000	100,000		
Municipal Debt Service - Excluded from "CAPS"					
Green Trust Loan Program	34,789	34,789	34,789		
Loan Repayments for Principal and Interest					
N.J. Wastewater Treatment Trust	316,486	316,486	316,193		293
Loan Repayments for Principal and Interest	250,000	250,000	250,000		
Payment of Bond Principal	1,525,768	1,529,758	1,529,758		
Interest on Bonds	216,568	216,657	216,657		
Interest on Notes					
Total Municipal Debt Service-Excluded from "CAPS"	2,343,611	2,347,690	2,347,397		293

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2007

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
DEFERRED CHARGES:					
Emergency Authorizations	250,000	250,000	250,000		
Total Deferred Charges - Municipal - Excluded from "CAPS"	250,000	250,000	250,000		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	14,692,314	14,636,393	14,532,540	103,560	293
Subtotal General Appropriations	64,623,847	64,663,847	64,274,115	389,439	293
Reserve for Uncollected Taxes	1,607,200	1,607,200	1,607,200		
Total General Appropriations	\$ 66,231,047	66,271,047	65,881,315	389,439	293
Emergency Appropriations		100,000			
Appropriation by 40A:4-87		522,552			
Budget		65,648,495			
		66,271,047			
Reserve for Uncollected Taxes			1,607,200		
Grants			3,947,732		
Encumbrances			525,923		
Cash			59,800,460		
			65,881,315		

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

June 30, 2007 and 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>			
Assessment Trust Fund:			
Assessment Receivable - Unpledged	B-3	\$ 1,136	1,136
Assessment Liens Receivable - Unpledged	B-4	292	292
		<u>1,428</u>	<u>1,428</u>
Animal Trust Fund:			
Cash	B-2	16,336	
Deficit in Animal License Trust Expenditures	B-2		7,902
		<u>16,336</u>	<u>7,902</u>
Other Trust Funds:			
Cash	B-2	3,280,821	3,411,565
Community Development Receivables	B-8	1,074,354	984,020
Other Accounts Receivable	B-7	47,443	47,482
Interfunds Accounts Receivable:			
Due from Federal and State Grant Fund	B-14		253,383
Due from Capital Fund	B-14	200,000	
Intrafund Accounts Receivable			
Due from Escrow Trust Fund	B-15	216,871	216,871
Due from CDBG Trust Fund	B-15	284,124	284,124
Due from Other Trust Fund	B-15	13,010	13,010
		<u>5,116,623</u>	<u>5,210,455</u>
Self-Insurance Trust Fund:			
Cash	B-2	638,077	395,818
		<u>638,077</u>	<u>395,818</u>
		<u>\$ 5,772,464</u>	<u>5,615,603</u>

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

June 30, 2007 and 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Assessment Trust Fund:			
Reserve for Assessments and Liens	B-13	\$ 1,334	1,334
Fund Balance	B-1	94	94
		<u>1,428</u>	<u>1,428</u>
Animal Trust Fund:			
Deficit in Cash	B-2		706
Due to State of New Jersey	B-6		56
Due to Current Fund			7,140
Reserve for Animal Control Expenditures	B-9	16,336	
		<u>16,336</u>	<u>7,902</u>
Other Trust Fund:			
Reserves for:			
Other Expenditures	B-10	3,537,166	3,768,733
Community Development Grant	B-11	1,056,622	925,462
Interfunds Accounts Payable:			
Due to Current Fund	B-14	8,408	1,833
Intrafund Accounts Payable:			
Due to Affordable Housing Trust Fund	B-15	110,067	110,067
Due to Other Trust Fund	B-15	402,638	402,638
Due to Public Library Trust Fund	B-15	1,300	1,300
Miscellaneous Reserve	B-5	422	422
		<u>5,116,623</u>	<u>5,210,455</u>
Self-Insurance Trust Fund:			
Reserve for Self-Insurance	B-12	638,077	395,818
		<u>638,077</u>	<u>395,818</u>
		<u>\$ 5,772,464</u>	<u>5,615,603</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Schedule of Fund Balance-Regulatory Basis

Assessment Trust Fund

Year Ended June 30, 2007

Balance - June 30, 2006	\$ <u>94</u>
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Balance - June 30, 2007	\$ <u><u>94</u></u>
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See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

Year Ended June 30, 2007 and 2006

<u>Assets</u>	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
Cash - Checking Accounts	C-2/C-3	\$ 98,236	
Accounts Receivable:			
Community Development Block Grants	C-4	450,000	450,000
Homeland Security Grants	C-4		414,000
Department of Transportation Grants	C-4	405,000	1,248,342
Economic Development Authority Grant	C-4	468,133	310,188
Green Acres Grants	C-4	832,822	529,540
Urban Enterprise Zone	C-4	745,000	
Hudson County Open Space Grants	C-4	410,000	200,000
Loans Receivable:			
Environmental Infrastructure Loans	C-5	1,134,408	1,248,354
Green Acres Loans	C-5	832,822	529,540
Deferred Charges to Future Taxation:			
Funded	C-6	46,840,346	47,247,793
Unfunded	C-7	17,103,262	14,373,379
Interfund Accounts Receivable:			
Due from Federal and State Grant Fund	C-8		1,697,946
		<u>\$ 69,320,029</u>	<u>68,249,082</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Deficit in Cash	C-2/C-3	\$	17,256
General Serial Bonds	C-9	40,554,000	40,579,000
Bond Anticipation Notes	C-12	8,678,471	5,565,685
New Jersey Wastewater Loan Payable	C-10	5,846,997	6,203,827
Green Acres Trust Loan Payable	C-11	439,349	464,966
Reserve for New Jersey Infrastructure Trust Fund Loan Payable			
Improvement Authorizations:			
Funded	C-14	3,087,465	4,246,850
Unfunded	C-14	8,215,108	9,088,195
Capital Improvement Fund	C-16	6,500	3,500
Interfund Accounts Payable:			
Due to Current Fund	C-8	175,035	33
Due to Other Trust Fund	C-8	200,000	
Due to General Capital Fund	C-8		369,526
Reserve for Receivables	C-13	1,965,645	1,259,080
Schedule of Reserves	C-15	151,459	
Fund Balance	C-1		451,164
		<u>\$ 69,320,029</u>	<u>68,249,082</u>

There were \$8,424,791 and \$8,807,694 of Bonds and Notes Authorized but Not Issued on June 30, 2007 and 2006 respectively (Exhibit C-17).

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Year Ended June 30, 2007

Balance, June 30, 2006	\$	451,164
Decreased by Disbursements:		
Cancellation of FUEZ Receivable		108,519
Appropriated to Finance Improvements		136,000
Capital Surplus - Budget Revenue		<u>206,645</u>
Balance, June 30, 2007	\$	<u> </u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

June 30, 2007 and 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>			
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 51,976	
Interfund Accounts Receivable:			
Due from Water Capital Fund	D-20	340,000	12,894
Due From East Orange Water Commission	D-7	<u>440,768</u>	<u>440,768</u>
		<u>832,744</u>	<u>453,662</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-8	<u>525,701</u>	<u>869,304</u>
Deferred Charges			
Emergency Appropriation	D-12	<u> </u>	<u>600,000</u>
Total Water Utility Operating Fund		<u>1,358,445</u>	<u>1,922,966</u>
Capital Fund:			
Cash - Treasurer	D-5,D-6	33,704	902,541
Fixed Capital	D-9	16,225,695	16,225,695
Fixed Capital Authorized and Uncompleted	D-10	3,654,829	2,081,079
Interfund Accounts Receivable:			
Due from General Capital Fund	D-21	<u> </u>	<u>369,526</u>
Total Capital Fund		<u>19,914,228</u>	<u>19,578,841</u>
		<u>\$ 21,272,673</u>	<u>21,501,807</u>

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

June 30, 2007 and 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Water Utility Operating Fund:			
Deficit in Cash - Treasurer	D-5,D-6		9,987
Appropriation Reserves	D-4,D-11	22,450	614,529
Reserve for Encumbrances	D-4	40,513	81,053
Accounts Payable	D-14	54,566	
Interfund Accounts Payable:			
Due to Current Fund	D-20		
Accrued Interest on Bonds and Notes	D-13	49,934	49,934
		167,463	755,503
Reserve for Receivables	Contra	525,701	869,304
Fund Balance	D-1	665,281	298,159
Total Water Utility Operating Fund		1,358,445	1,922,966
Capital Fund:			
Interfund Accounts Payable:			
Due to Current Fund	D-21		
Due to Water Operating Fund	D-21	340,000	12,894
Bond Anticipation Notes	D-22	2,081,000	2,081,000
Serial Bonds Payable	D-19	1,873,000	2,078,000
Improvement authorization:			
Funded	D-15	59,997	8,747
Unfunded	D-15	1,179,017	1,187,374
Capital Improvement Fund	D-16	32,750	6,000
Reserve for:			
Amortization	D-17	14,348,385	14,143,385
Deferred Amortization	D-18	79	79
Fund Balance	D-2		61,362
Total Capital Fund		19,914,228	19,578,841
		<u>\$ 21,272,673</u>	<u>21,501,807</u>

There were \$1,578,060 and \$4,310 of Bonds and Notes Authorized But Not Issued on June 30, 2007 and 2006 respectively (Exhibit D-23).

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

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

Water Utility Operating Fund

Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenue and other income:		
Operating Surplus Anticipated	\$ 90,000	
Water rents	4,443,412	4,079,222
Water rents additional	220,622	163,952
Water bulk - Cedar Grove	444,986	511,411
Capital Surplus	61,362	
Prior Year Refund North Jersey Water District	94,624	
Miscellaneous Revenue	23,957	27,744
Liabilities Canceled		12,894
Unexpended balance appropriation reserve	18,343	140,969
Total revenue and other income	<u>5,307,306</u>	<u>5,026,192</u>
Expenditures:		
Operating	4,375,543	4,884,207
Capital Improvements	120,000	
Debt service	401,540	342,315
Deferred charges and statutory expenditures	<u>43,101</u>	<u>178,429</u>
Total expenditures	<u>4,940,184</u>	<u>5,404,951</u>
Excess (Deficit) in revenues	367,122	(378,759)
Adjustment to income before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year		<u>600,000</u>
Statutory Excess to Fund Balance	367,122	221,241
Fund balance, July 1	<u>298,159</u>	<u>166,918</u>
	665,281	388,159
Decreased by utilization by water operating budget		<u>90,000</u>
Balance, June 30	<u>\$ 665,281</u>	<u>298,159</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Schedule of Fund Balance - Regulatory Basis

Water Utility Capital Fund

Year ended June 30, 2007

Balance, June 30, 2006	\$ <u>61,362</u>
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Decreased by:

Paid to Water Utility Operating Fund	\$ <u><u>61,362</u></u>
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See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year ended June 30, 2007

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Rents	\$ 4,079,200	4,443,412	364,212
Rents-Additional	220,622	220,622	
Water Bulk Sales - Cedar Grove	485,000	444,986	(40,014)
Capital Surplus	61,362	61,362	
Prior Year Refund North Jersey Water District	94,000	94,624	624
Miscellaneous Revenue Not Anticipated		<u>23,957</u>	<u>23,957</u>
	<u>\$ 4,940,184</u>	<u>5,288,963</u>	<u>348,779</u>

Analysis of Realized Revenue

Rents	\$ 4,443,412
Rents-Additional	220,622
Water Bulk Sales - Cedar Grove	444,986
Capital Surplus	61,362
Prior Year Refund North Jersey Water District	<u>94,624</u>
	<u>5,265,006</u>

Analysis of Miscellaneous Revenue Not Anticipated

Water Main Taps	1,573
Water Permits	300
Water Utility Lien Fees	6,636
Interest on Investments	<u>15,448</u>
	<u>\$ 23,957</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year ended June 30, 2007

	<u>Appropriations</u>			
	<u>Budget</u>	Budget after modifi- cation	<u>Paid or charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 542,681	568,881	565,306	3,575
Other Expenses	673,400	672,300	653,797	18,503
North Jersey Water District Supply	<u>3,158,362</u>	<u>3,134,362</u>	<u>3,134,020</u>	<u>342</u>
Total Operating	<u>4,374,443</u>	<u>4,375,543</u>	<u>4,353,123</u>	<u>22,420</u>
Capital Improvements:				
Capital Improvement Fund	10,000	78,000	78,000	
Capital Outlay	<u>75,000</u>	<u>42,000</u>	<u>42,000</u>	
	<u>85,000</u>	<u>120,000</u>	<u>120,000</u>	
Debt Service:				
Payment of Bond Principal	205,000	205,000	205,000	
Interest on Bonds	106,719	106,719	106,719	
Interest on Notes	<u>102,021</u>	<u>89,821</u>	<u>89,821</u>	
	<u>413,740</u>	<u>401,540</u>	<u>401,540</u>	
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures - Contribution to:				
Public Employees' Retirement System	25,000			
Social Security	42,000	43,100	43,071	29
Unemployment Compensation Insurance	<u>1</u>	<u>1</u>		<u>1</u>
Total Deferred Charges and Statutory Expenditures	<u>67,001</u>	<u>43,101</u>	<u>43,071</u>	<u>30</u>
	<u>\$ 4,940,184</u>	<u>4,940,184</u>	<u>4,917,734</u>	<u>22,450</u>
			Cash Disbursed \$ 4,254,458	
			Accrued Interest on Bonds and Notes 196,540	
			Encumbrances 40,513	
			Accounts Payable 54,566	
			Due to Current Fund <u>371,657</u>	
			<u>\$ 4,917,734</u>	

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheets-Regulatory Basis

Public Assistance Trust Fund

June 30, 2007 and 2006

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>			
<u>Trust Fund # 1</u>			
Cash	E-1	\$ 8,369	3,981
Due from Current Fund	E-2	<u>16</u>	<u></u>
		\$ <u>8,385</u>	<u>3,981</u>
<u>Liabilities</u>			
<u>Trust Fund # 1</u>			
Reserve for Public Assistance Expenditures	E-3	\$ <u>8,385</u>	<u>3,981</u>
		\$ <u>8,385</u>	<u>3,981</u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheets-Regulatory Basis

Payroll Account

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Cash	\$ <u>255,294</u>	<u>261,120</u>
	\$ <u><u>255,294</u></u>	<u><u>261,120</u></u>
<u>Liabilities</u>		
Withholdings Payable	\$ 252,684	256,633
Reserve for Payroll	<u>2,610</u>	<u>4,487</u>
	\$ <u><u>255,294</u></u>	<u><u>261,120</u></u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
General Fixed Assets:		
Land	\$ 4,000,600	3,626,600
Buildings	6,070,933	6,007,158
Machinery and equipment	<u>21,970,196</u>	<u>21,369,385</u>
	<u>32,041,729</u>	<u>31,003,143</u>
Investment in General Fixed Assets	\$ <u>32,041,729</u>	<u>31,003,143</u>

See accompanying notes to financial statements.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Town of Kearny have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is another comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Town accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

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

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

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

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

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

The Town has the following funds and account group:

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

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

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

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

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

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

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

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

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

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

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

Basis of Accounting

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Town. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Town. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

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

Basis of Accounting, (continued)

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

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

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

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

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2007, the governing body approved the insertion of \$522,552 in grant monies and donations into the budget in accordance with N.J.S.A. 40A:4-87. The governing body also approved a \$100,000 emergency appropriation for the current fund budget. They also approved several budget transfers.

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

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

Basis of Accounting, (continued)

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

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

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

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

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

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

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

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

Basis of Accounting, (continued)

General Fixed Assets - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, the Town of Kearny has developed a fixed assets accounting and reporting system.

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.

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.

Accounting for utility fund "fixed capital" remains unchanged under the Requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Water Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

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

Basis of Accounting, (continued)

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

C. Basic Financial Statements

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

D. Recent Accounting Pronouncements

In July 2004, the Governmental Accounting Standards Board (GASB) adopted statement number 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions." This statement will become effective for entities on a phased in basis beginning with fiscal years beginning after December 15, 2006. The effective date for this entity is the fiscal year beginning July 1, 2007. This statement will require governmental entities to report the future costs of other post employment benefits (OPEB) on a present value basis instead of the present "pay as you go" method. The Town does not expect the adoption of the GASB statement to have a material effect on the Town's financial position or results of operations.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodian credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of June 30, 2007, \$0 of the Town's bank balance of \$7,378,530 was exposed to custodial credit risk.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

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

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

NOTE 3. MUNICIPAL DEBT

Long-term debt as of June 30, 2007 consisted of the following:

	Balance <u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$40,579,000	\$12,580,000	\$12,605,000	\$40,554,000	\$540,000
Water Utility Obligation Debt	<u>2,078,000</u>		<u>205,000</u>	<u>1,873,000</u>	<u>205,000</u>
Total Bonds Payable	<u>42,657,000</u>	<u>12,580,000</u>	<u>12,810,000</u>	<u>42,427,000</u>	<u>745,000</u>
Other Liabilities:					
New Jersey Wastewater Loans	6,203,827		356,830	5,846,997	343,393
Green Acres Trust Loans	464,966		25,617	439,349	26,132
Compensated Absences Payable	<u>4,298,653</u>	<u>5,923,331</u>	<u>437,756</u>	<u>9,784,228</u>	
Total Other Liabilities	<u>10,967,446</u>	<u>5,923,331</u>	<u>820,203</u>	<u>16,070,574</u>	<u>369,525</u>
	<u>\$53,624,446</u>	<u>\$18,503,331</u>	<u>\$13,630,203</u>	<u>\$58,497,574</u>	<u>\$1,114,525</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

The Town's debt is summarized as follows:

	<u>Year 2007</u>	<u>Year 2006</u>	<u>Year 2005</u>
Issued:			
General Bonds, Notes and Loans	\$55,518,817	\$52,813,479	\$63,937,820
Municipal Utility Authority*	16,716,748	17,733,671	14,181,415
Water Utility Bonds and Notes	<u>3,954,000</u>	<u>4,159,000</u>	<u>3,529,000</u>
Net Debt Issued	<u>76,189,565</u>	<u>74,706,150</u>	<u>81,648,235</u>
Authorized But Not Issued:			
General Bonds and Notes	8,424,791	8,807,694	307,184
Water Utility Bonds and Notes	<u>1,578,060</u>	<u>4,310</u>	<u>4,310</u>
Total Authorized But Not Issued	<u>10,002,851</u>	<u>8,812,007</u>	<u>311,494</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$86,192,416</u>	<u>\$83,518,157</u>	<u>\$81,959,729</u>

* Guaranteed by the Town of Kearny

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.73%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$16,737,651	\$16,737,651	\$0
General Debt	80,660,356	24,449,701	56,210,655
Utility Debt	<u>5,532,060</u>	<u>5,532,060</u>	<u>0</u>
	<u>\$102,930,067</u>	<u>\$46,719,412</u>	<u>\$56,210,655</u>

Net Debt \$56,210,655 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$3,249,733,059 equals 1.73%.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

3 ½% of equalized valuation basis (municipal)	\$113,740,657
Net Debt	<u>56,210,655</u>
Remaining borrowing power	<u>\$57,530,002</u>

The Town's long term debt consisted of the following at June 30, 2007:

<u>General Obligation Bonds - Paid by Current Fund</u>	<u>Amount Outstanding</u>
Refunding Bonds - with an interest rate from 4.50% to 5.50% issued July 1, 1997, due through February 15, 2009	\$2,905,000
General Serial Bonds - with an interest rate from 3.75% to 4.15% issued January 15, 2003 through January 15, 2016	12,534,000
Refunding Bonds - with an interest rate from 2.00% to 4.25% issued January 15, 2003 through January 15, 2016	5,035,000
Pension Refunding Bonds (Taxable) - with an interest rate of 3.28% to 5.92% issued January 15, 2003 through February 1, 2021	7,500,000
Refunding Bonds - with an interest rate from 4.5% to 5.00% issued February 1, 2007, due through February 1, 2016	7,480,000
Refunding Bonds (Taxable) - with an interest rate from 4.98% to 5.16% issued February 1, 2007, due through February 1, 2016	<u>5,100,000</u>
	<u>\$40,554,000</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

	<u>Amount Outstanding</u>
<u>Green Acres Loan - Paid by Current Fund</u>	
The Town has three outstanding loan agreements with New Jersey Green Acres Bond Act of 1983 for the F.J. Vincent Marina Project, the Riverbank Park Project, and the Harvey Field Project. The 1992 for the Marina Project award is at a rate of 2.0% in the amount of \$73,725.00 with semi-annual loan payments of various amounts made on August 7 and February 7 through February 7, 2012	\$21,711
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	194,533
The 2004 Riverbank Park Project Award is at a rate of 2% in the amount of \$250,000 with semi-annual loan payments of various amounts made on February 28 and August 28 through February 28, 2024	<u>223,105</u>
	<u>\$439,349</u>
 <u>Wastewater Treatment Loans - Paid by Water Utility Fund</u>	
The Town has outstanding two loan agreements with the New Jersey Environmental Infrastructure Trust for financing relating to improvement to the Wastewater Treatment Plants	
Trust Bonds Series 1998A - Trust Share - with an interest rate of 4.0%-4.5% issued November 1, 1998, due through August 1, 2018	\$1,135,000
Trust Bonds Series 1998A - Fund Share - at a zero rate of interest issued November 1, 1998, due through August 1, 2018	949,755
Trust Bonds Series 2004A - Trust Share - with an interest rate of 3.0%-5.0% issued November 4, 2004, due through August 1, 2024	990,000
Trust Bonds Series 2004A - Fund Share - at a zero rate of interest issued November 4, 2004, due through August 1, 2024	<u>2,772,242</u>
	<u>\$5,846,997</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

<u>Water Utility Bonds - Paid by Water Utility Fund</u>	<u>Amount Outstanding</u>
---	-------------------------------

The Town pledges revenue from operations to pay debt service on bonds issued. Water utility bonds outstanding at June 30, 2007 are as follows:

Water Utility Bonds - with an interest rate of 7.20% issued December 15, 1989, due through December 15, 2009	\$90,000
Water Utility Bonds - with an interest rate of 5.10% issued November 15, 1997, due through August 1, 2016	405,000
Water Utility Bonds (Taxable) - with an interest rate of 5.00% to 5.50% issued January 15, 2003, due through January 15, 2016	1,153,000
Water Utility Bonds - with an interest rate of 3.75% to 4.15% issued January 15, 2003, due through January 15, 2016	<u>225,000</u>
	<u>\$1,873,000</u>

The Town's principal and interest for bonded debt and loans issued and outstanding as of June 30, 2007 is as follows:

	<u>General Capital Debt</u>		<u>Utility Debt</u>		
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 540,000	\$ 1,819,302	\$ 205,000	\$ 95,940	\$ 2,660,242
2009	2,650,000	1,795,372	205,000	84,996	4,735,368
2010	4,780,000	1,652,267	215,000	74,053	6,721,320
2011	4,975,000	1,459,891	185,000	63,633	6,683,524
2012	5,175,000	1,257,800	185,000	54,113	6,671,913
2013-2017	21,754,000	2,781,315	878,000	117,512	25,530,827
2018-2022	<u>680,000</u>	<u>104,400</u>			<u>784,400</u>
	<u>\$ 40,554,000</u>	<u>\$ 10,870,347</u>	<u>\$ 1,873,000</u>	<u>\$ 490,247</u>	<u>\$ 53,787,594</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

NOTE 4. BOND ANTICIPATION NOTES

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

On June 30, 2007, the Town had \$8,678,471 in outstanding general capital bond anticipation notes maturing on February 1, 2008 at interest rates from 3.75% to 3.91%. The Town also had \$2,081,000 of Water Utility Capital Bond Anticipation notes maturing in February 1, 2008 at interest rates from 3.89% to 3.91%.

The following activity related to bond anticipation notes occurred during the calendar year ended June 30, 2007.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
JP Morgan Chase Bank	\$3,254,535	\$4,254,535	\$3,254,535	\$4,254,535
JP Morgan Chase Bank		2,200,000		2,200,000
JP Morgan Chase Bank	<u>2,311,150</u>	<u>2,223,936</u>	<u>2,311,150</u>	<u>2,223,936</u>
	<u>\$5,565,685</u>	<u>\$8,678,471</u>	<u>\$5,565,685</u>	<u>\$8,678,471</u>

NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At June 30, 2007, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance June 30, 2007</u>	<u>2008 Budget Appropriation</u>	<u>Balance to Succeeding Years</u>
Emergency - Current Fund	<u>\$100,000</u>	<u>\$100,000</u>	
	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$ -0-</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

NOTE 6. PENSION PLANS

Description of Systems:

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

Public Employees' Retirement System (PERS)

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

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation.

As a result of additional legislation enacted during the year ended June 30, 1997 (chapter 115, P.L. 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. This legislation also contains a provision to reduce the employee contribution rates under PERS by ½ of 1 percent to 4.5 percent for calendar years 1998 and 1999, and to allow for a similar reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1998, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2003, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated.

Funding Policy

The contribution policy is set by the New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 5% of employees annual compensation, and PFRS provide for employee contributions of 8.5% of employees annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both PFRS and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

NOTE 6. PENSION PLANS, (continued)

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>CPFPE</u>
June 30, 2007	\$294,863	\$2,857,945	\$267,593
June 30, 2006	148,965	1,828,670	334,805
June 30, 2005	55,412	1,103,994	328,650

NOTE 7. ACCUMULATED VACATION AND SICK PAY

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

The estimated accumulated sick time liability as of June 30, 2007 was \$9,784,228.

NOTE 8. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of June 30, 2007:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
Land	\$3,626,600	\$374,000		\$4,000,600
Building	6,007,158	63,775		6,070,933
Machinery and Equipment	<u>21,369,385</u>	<u>600,811</u>	<u> </u>	<u>21,970,196</u>
	<u>\$31,003,143</u>	<u>1,038,586</u>	<u>\$0</u>	<u>\$32,041,729</u>

NOTE 9. DUE TO/FROM OTHER FUNDS

Balances due from/to other funds at June 30, 2007 consist of the following:

\$8,408	Due to the Current Fund from the Other Trust Fund for interest earned on deposits.
175,035	Due to the Current Fund from the General Capital Fund for interest earned on deposits and to cover expenditures.
200,000	Due to the Other Trust Fund from the General Capital Fund for Community Development Grant transactions.
1,453,942	Due to the Current Fund from the Federal and State Grant Fund to cover expenditures.
<u>340,000</u>	Due to the Water Operating Fund from the Water Capital Fund to cover expenditures.
<u>\$2,177,385</u>	

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

NOTE 10. RISK MANAGEMENT

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

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

Balance - June 30, 2006	<u>\$395,818</u>
Increases:	
Town Contributions	1,600,000
Reimbursements	96,074
Interest	<u>5,180</u>
	<u>1,701,254</u>
	2,097,072
Decreases:	
Claims	<u>1,458,995</u>
Balance - June 30, 2007	<u>\$638,077</u>

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

NOTE 11. TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>June 30, 2007</u>	<u>Balance</u> <u>June 30, 2006</u>
Prepaid Taxes	<u>\$31,948</u>	<u>\$83,913</u>
Cash Liability for Taxes Collected in Advance	<u>\$31,948</u>	<u>\$83,913</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended June 30, 2007 and 2006
(continued)

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES

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

(a) **Miscellaneous Tax Appeals**

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

(b) **Unemployment Compensation**

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

(c) **State Pension Payments**

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

NOTE 13. SUBSEQUENT EVENTS

On December 12, 2007, the Local Finance Board approved the application of the Town to issue \$16,230,000 of General Obligation Bonds, Series 2007 to fund certain previously authorized General Capital and Water Capital Projects.

SUPPLEMENTARY DATA AND SCHEDULES

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	Year Ended		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Tax Rate</u>	8.276	7.910	7.329
<u>Apportionment of Tax Rate</u>			
Municipal	2.733	2.500	2.103
County	1.489	1.448	1.407
Local School	4.054	3.962	3.819
<u>Assessed Valuation</u>			
2007		\$1,066,043,901.00	
2006		\$1,059,258,862.00	
2005		\$1,058,747,069.00	

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

Year Ended		Cash	Percentage
<u>June 30,</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>of Collection</u>
2007	\$86,502,856	\$84,536,581	97.73%
2006	80,885,948	79,366,529	98.12
2005	76,221,270	75,036,918	98.45

DELINQUENT TAXES AND TAX TITLE LIENS

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

Year Ended	Amount	Amount of	Total	Percentage
<u>June 30,</u>	<u>of Tax</u>	<u>Delinquent</u>	<u>Delinquent</u>	<u>of Tax Levy</u>
	<u>Title Lien</u>	<u>Taxes</u>	<u>Taxes</u>	
2007	\$6,606,761	\$1,098,696	\$7,705,457	8.90%
2006	6,254,991	1,172,057	7,427,048	9.18
2005	5,863,275	810,108	6,673,383	8.76

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

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

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2007	\$1,512,500
2006	1,512,500
2005	1,512,500

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year Ended</u> <u>June 30,</u>	<u>Balance</u> <u>June 30,</u>	<u>Utilized in Budget</u> <u>of Succeeding Year</u>
Current Fund	2007	\$987,110	\$0
	2006	987,110	0
	2005	2,413,254	1,949,000
	2004	1,864,185	822,000
	2003	4,322,098	3,500,000
Water Utility Operating	2007	\$665,281	\$88,156
	2006	298,159	0
	2005	166,918	90,000
	2004	31,577	0
	2003	203,800	150,000

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Surety Bond</u>
Alberto Santos	Mayor	
Eileen Eckel	Council Member	
Barbara Cifelli-Sherry	Council Member	
Carol Jean Doyle	Council Member	
David Kruszmis	Council Member	
Laura Cifelli-Pettigrew	Council Member	
Alexa Arce	Council Member	
Michael Landy	Council Member	
Susan McCurrie	Council Member	
Joseph D'Arco	Business Administrator	
Jill Waller	Town Clerk	
Shuaib Firozvi	Chief Financial Officer	350,000
Sharon Curran	Tax Collector	450,000
Norman A. Doyle	Municipal Court Judge	35,000
Nancy Waller	Municipal Court Administrator	35,000
Theresa McGuire	Municipal Prosecutor	
Gregory Castano	Town Attorney	
Joseph Neglia	Engineer	

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

TOWN OF KEARNY, N.J.

Cash Receipts and Disbursements -Treasurer

Current Fund

Year Ended June 30, 2007

	Current Fund	Federal and State Grant Fund
Balance June 30, 2006	\$ 2,396,894	
Increased by Receipts:		
Tax Collector	85,377,516	
Miscellaneous Revenue Not Anticipated	683,759	
Due From State of New Jersey	232,866	
Due from Urban Enterprise Zone	978,951	
Interfunds	10,186,688	
Petty Cash	6,950	
Revenue Accounts Receivable	33,278,919	
State and Federal Grants Receivable	2,320,524	
Reserve for Maintenance of Free Public		
Library with State Aid	39,928	
Tax Overpayments	40,788	
Prepaid Taxes	31,948	
Unappropriated Reserves	37,544	
Reserve for Urban Enterprise Zone		474,702
	<u>133,216,381</u>	<u>474,702</u>
	135,613,275	474,702
Decreased by:		
Current Year Budget Appropriations	59,800,460	
Petty Cash	6,950	
Interfunds	13,632,603	
Appropriation Reserves	2,171,127	
Reserve for Maintenance of Free Public		
Library with State Aid	34,124	
Accounts Payable	26,051	
Tax Overpayments	107,032	
County Taxes Payable	15,766,665	
Local District School Taxes	42,427,638	
Refund of Prior Years Revenue		
Appropriated Reserves for Grants	<u>1,455,807</u>	
	<u>135,428,457</u>	
Balance June 30, 2007	\$ <u>184,818</u>	<u>474,702</u>

TOWN OF KEARNY, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended June 30, 2007

Balance June 30, 2006	\$ <u>800</u>
Balance June 30, 2007	\$ <u><u>800</u></u>

Exhibit A-6

Schedule of Cash - Petty Cash

Current Fund

Year Ended June 30, 2007

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

TOWN OF KEARNY, N.J.

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

Current Fund

Year Ended June 30, 2007

Balance June 30, 2006		\$	172,053
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	54,000	
Veterans' Deductions Per Tax Billing		176,250	
Senior Citizen's, Veteran's, and Disabled Allowed		<u>4,750</u>	
			<u>235,000</u>
			407,053
Decreased by:			
Senior Citizen Deductions Disallowed		7,844	
State Share of Senior Citizens and Veteran			
Deductions Received in Cash		<u>232,866</u>	
			<u>240,710</u>
Balance June 30, 2007		\$	<u><u>166,343</u></u>

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Year	Current Fund						
	Year Ended June 30, 2007						
	Balance, June 30, 2006	Levy	Collected	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Balance, June 30, 2007	
			2006	2007		Canceled	
2006	1,172,057			1,152,003		20,054	
	<u>1,172,057</u>			<u>1,152,003</u>		<u>20,054</u>	
2007		86,502.856	83,913	84,225,513	351,770	515,808	1,098,696
		<u>86,502.856</u>	<u>83,913</u>	<u>84,225,513</u>	<u>351,770</u>	<u>515,808</u>	<u>1,098,696</u>
\$	<u>1,172,057</u>	<u>86,502.856</u>	<u>83,913</u>	<u>85,377,516</u>	<u>351,770</u>	<u>535,862</u>	<u>1,098,696</u>
	A						

Analysis of Tax Levy

Tax yield:	
General Purpose Tax	\$ 85,323,068
Added/Omitted Taxes	<u>1,179,788</u>
	\$ <u>86,502,856</u>

Tax Levy:	
Local District School Tax	\$ 42,427,638
County Tax	\$ 15,550,569
County Added and Omitted Taxes	<u>216,096</u>
	15,766,665

Local Tax for Municipal Purposes	27,949,479	
Additional Taxes	<u>359,074</u>	
		<u>28,308,553</u>
		\$ 86,502,856

Exhibit A-9

TOWN OF KEARNY, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended June 30, 2007

Balance June 30, 2006	\$ 6,254,991
Increased by:	
Transfers from Taxes Receivable	<u>351,770</u>
Balance June 30, 2007	\$ <u><u>6,606,761</u></u>

Exhibit A-10

Schedule of Property Aquired for Taxes

Current Fund

Year Ended June 30, 2007

Balance June 30, 2006	\$ <u>1,512,500</u>
Balance June 30, 2007	\$ <u><u>1,512,500</u></u>

TOWN OF KEARNY, N.J.

Schedule of Amount Due from Urban Enterprise Zone

Current Fund

Year Ended June 30, 2007

Balance June 30, 2006	\$ 978,951
Increased by:	
Bond Reimbursement	<u>646,277</u>
	1,625,228
Increased by:	
Cash Receipts	<u>978,951</u>
Balance June 30, 2007	\$ <u><u>646,277</u></u>

TOWN OF KEARNY, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended June 30, 2007

<u>Source</u>	<u>Balance June 30, 2006</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance June 30, 2007</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	43,417	43,417	
Other	650	108,318	108,218	750
Fees and Permits		136,147	136,147	
Construction Code Official:				
Fees and Permits		726,113	726,113	
Municipal Court:				
Fines and Costs	80,755	940,426	926,164	95,017
Interest and Costs on Taxes		322,927	322,927	
Parking Meters		207,414	207,414	
Interest on Investments and Deposits		447,971	447,971	
New Jersey Meadowlands Comm.		3,966,036	3,966,036	
Hartz Mountain Lease Agreement		122,736	122,736	
Kearny Municipal Utilities Authority Sludge Removal		860,000	860,000	
Legislative Initiative Municipal Block Grant Program		158,852	158,852	
Consolidated Municipal Property Tax Relief Act		4,290,069	4,290,069	
Energy Receipts Tax		16,540,255	16,540,255	
Supplemental Energy Receipts Tax		848,652	848,652	
Garden State Trust Fund		1,033	1,033	
Municipal Homeland Security Assistance		140,000	140,000	
Extraordinary aid		900,000	900,000	
KUEZ Debt Service Kearny Ave Project		671,400	671,400	
Life Hazard Use Fees - Uniform Fire Safety Act		79,509	79,509	
Federal and State Grant Fund		474,000	474,000	
New Jersey Meadowlands Comm.		210,500	210,500	
General Capital Fund Balance		206,645	206,645	
Due from KMUA		860,000	860,000	
PILOT Payments		30,861	30,861	
	<u>\$ 81,405</u>	<u>33,293,281</u>	<u>33,278,919</u>	<u>95,767</u>

TOWN OF KEARNY, N.J.

Various Accounts Receivable

Current Fund

Year Ended June 30, 2007

Description	Balance June 30, 2006	Balance June 30, 2007
Due from Bank - Bank Charges	\$ 171	171
Vendor	140	140
Kearny Municipal Utility Authority	860,000	860,000
	<u>\$ 860,311</u>	<u>860,311</u>

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2007

Description	Balance June 30, 2006	Added	Raised in 2007 Budget	Balance June 30, 2007
Emergency Authorizations	\$ 425,000	100,000	425,000	100,000
Deficit in Operations		407,342		407,342
	<u>\$ 425,000</u>	<u>507,342</u>	<u>425,000</u>	<u>507,342</u>

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

Current Fund

Year Ended June 30, 2007

	Balance, June 30, 2006	2007 Budget Revenue Realized	Collections	Transferred from Unappropriated Reserves	Canceled	Balance, June 30, 2007
New Jersey Transportation Trust Fund:						
Prior Year	\$ 91,291				(25,636)	116,927
Fiscal Year 2000					(13,352)	13,352
Fiscal Year 2001 - Devon Street	44,147					44,147
Formula Aid-2003 (Kearny Ave Phase E&F)	6,605		6,605			
DOT Kearny Avenue Signal Package F (2004)	60,000		53,616			6,384
DOT Kearny Avenue Signal Package E&F (2005)	237,000		14,000			223,000
Kearny Ave Signal-2003	114,750				38,988	75,762
Hazardous Discharge Site Remediation Fund:						
528 Elm Street Corporation	59,444					59,444
Meadowlands Gas Station	12,978					12,978
Hudson County Division of Environmental Health	41,389				41,389	
Hudson County Improvement Authority - Prior	28,000					28,000
Kearny Urban Enterprise Zone:						
Fiscal Year 2001 Administration					(50,014)	50,014
Fiscal Year 2003 Administration	180,729		149,104		(26,257)	57,882
Kearny Ave Streetscape Extension - III	891,773		448,666		336,041	107,066
Business Development Revolving Loan - 1997	23,149				23,149	
Business Development Revolving Loan - 2002	336,887		4,991		(8,050)	339,947
Bergen Avenue Extension - 2002	461,106		359,682		(0)	101,424
Public Relations and Marketing FY 98	49,535				49,535	
Cairins, Iris and Hurst Tool Purchase	583				583	
Bergen Avenue Extension	358,741				358,741	
Revolving Loan	548,350				548,350	
Harrison Avenue Sewer Improvement	912				912	
Jacobus Avenue	378,617				(97,653)	476,270
Police-2003	230,627		56,279		174,348	
Redevelopment Plan	59,053				59,053	
Kearny Ave	965,151				965,151	
Marketing and Zone Promotion Strategy	150,000		146,108			3,892
Public Relations and Marketing			103,191		(103,191)	
Kearny Avenue Extension Streetscape - Phase II					(223,528)	223,528
Zone Security Surveillance Camera			138,230		(186,410)	48,180
HMDC Recycling Grant	1,000					1,000
Public Health Priority Funding FY 99	8,367				8,367	
Tobacco Age of Sale Enforcement - FY 98	2,785				2,785	
Hazardous Discharge Site Remediation:						
681-697 Schulyer Avenue	49,922					49,922
Drunk Driving Enforcement Fund:						
Fiscal Year 1998	1,234				1,234	
Fiscal Year 2000	3,787				3,787	
U.S. Soccer Federation Grant	30,000					30,000
Hudson County Office on Aging Grant -00	40,000				40,000	
Hudson County Office on Aging Grant -03	1				1	
Occupation Protection Grant FY 01	10,857				10,857	
Aggressive Drivers Grant FY 2000	1,440				1,440	

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

Current Fund

Year Ended June 30, 2007

	Balance, June 30, <u>2006</u>	2007 Budget Revenue <u>Realized</u>	<u>Collections</u>	Transferred from Unappropriated <u>Reserves</u>	<u>Canceled</u>	Balance, June 30, <u>2007</u>
Law Enforcement Block Grant 1998 - 2000	5,152				5,152	
Law Enforcement Block Grant 2001	38,474				38,474	
NJT-Shuttle Bus	31,902				31,902	
Make it Click	9,720				9,720	
Library-Verizon Literacy	3,000					3,000
Library-Bill Gates Computers	25,400					25,400
Stop Violence	3,000					3,000
2002 OJJDP Vests	10,823				10,823	
Library Webpac Grant	27,750					27,750
Law Enforcement Block Grant-2002	30,137					30,137
Traffic Safety Click it or Ticket-2003	9,600				9,600	
Tree Planting	7,500					7,500
Public Health Priority Funding-2004	10,785				10,785	
Drunk Driving Enforcement Fund-2004	25,406				25,406	
Clean Communities Grant-2004	(1,940)				(1,940)	
Body Armor Grant-2004	11,331					11,331
KUEZ Redevelopment-2004	60,000				45,205	14,795
KUEZ Administration-2004	236,528		105,263		(10,468)	141,733
NJ Transit-Bus 2004	63,306				63,306	
2003 Bullet Proof Vest Grant (2004 Budget)	8,330		1,844		(500)	6,986
Homeland Security-2004	100,000					100,000
State Police Grant-2004	4,000					4,000
Municipal Aid - Quincy Avenue	73,951		43,435		30,516	
Green Acres	574,500					574,500
Local Aid - Center of Place	20,000					20,000
LLEBG Police-2003	20,338					20,338
Federal Emergency Management	4,000					4,000
Make It Click-2004	1,400				1,400	
Recreation for Individuals with Disabilities-2004	6,500				6,500	
Public Health Priority Funding	11,331				11,331	
2004 Bullet Proof Vest Partnership	11,100					11,100
Municipal Alliance Program	8,910		8,910			
KUEZ Sidewalk Litter Collection Vehicle	63,146		62,960		186	0
KUEZ Administration - FY05	278,898		214,747			64,151
Office on Aging 2005	1,965				1,965	
NJ Transit-Bus	55,925				55,925	
DOT Keary Avenue Signal Package F	53,000				53,000	
Federal Recreation Trails Program	15,000					15,000
NJMC Stormwater Management	11,500					11,500

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

Current Fund

Year Ended June 30, 2007

	Balance, June 30, 2006	2007 Budget Revenue Realized	Collections	Transferred from Unappropriated Reserves	Canceled	Balance, June 30, 2007
Municipal Stormwater Regulation	5,155		5,155			
NJDOT-Belgrove Drive	220,000				220,000	
Smart Growth Planning Grant	55,000					55,000
Recreation for Individuals with Disabilities-2005	10,000				3,500	6,500
FY 2006 Grants:						
FY 2005 Buffer Zone Protection Program	49,959					49,959
Recreation Opportunities for Individuals w/Disabilities	4,557		4,545		12	
Municipal Assistance Program-NJMC	100,000		100,000			
Municipal Alliance	48,479		47,186		1,293	
Homeland Security-2006	79					79
Homeland Security-2006	40,000					40,000
Municipal Stormwater Regulation	5,155					5,155
Aggressive Drivers Grant	4,150		4,000			150
2005 Justice Assistance Grant	13,787					13,787
Statewide Livable Communities Local Library Aid	90,000		90,000			
2006 Hudson County Office on Aging	28,928		23,942			4,986
U.S. Soccer Foundation Grant	100,000					100,000
2006 Pandemic Influenza Preparedness Grant		7,860	7,853		7	
We the People Grant-Library		826		826		
FY 06 New Jersey Transit Grant		60,000	9,127	55,742	(4,869)	38,308
FY 07 New Jersey Transit Grant		60,000	21,692			12,675
FY 05 Bullet Proof Vest		12,675				2,580
2006 Tobacco Age of Sale Enforcement		2,580				46,492
Municipal Alliance		47,742	1,250			280,000
KUEZ - Marketing and Zone Promotion Phase II		280,000				300,000
KUEZ - Business Development Revolving Loan		300,000				1,947,325
KUEZ - Kearny Ave Streetscape Extension		1,947,325				175,000
KUEZ - Zone Fire Engine - Custom Pumper		175,000				20,000
State Local Co-op Housing Inspection Program		20,000				
Public Health Priority Funding		23,080	11,418	11,662		10,861
Hudson County OEM State Homeland Security		10,861				
NJ Council for the Humanities - Library		390	390			
FY 06 Recycling Tonnage Grant		12,959	12,959			9,735
2006 Bullet Proof Vest		9,735				2,335
2006 Hudson County Office on Aging		22,100	19,765			4,460
2007 ROIDS grant		6,862	2,402			
2006 Body Armor Grant		11,011	11,011			
2007 MAP Grant		100,000				100,000
2007 Pandemic Influenza Preparedness Grant		10,597				10,597
2007 Clean Communities		33,236	30,199	3,037		(0)
Jersey Fresh Grant		400		400		
KUEZ - Administrative FY 08		407,342				407,342
2007 Office on Aging		40,000		14,762		25,238
2007 Justice Assistance Grant		15,315				15,315
Speed Enforcement Grant		4,000				4,000
	<u>\$ 8,187,126</u>	<u>3,621,897</u>	<u>2,320,524</u>	<u>86,429</u>	<u>2,548,850</u>	<u>6,853,220</u>

Town of Kearny
Schedule of Appropriation Reserves

Current Fund

Year Ended June 30, 2007

	Balance, June 30, <u>2006</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages:				
Administrative	\$ 1,102	1,102	1,102	
Mayor and Council	4,318	4,318	4,318	
Town Clerk	8,611	8,611	8,611	
Elections	1,089			
Legal	7,600	7,600		7,600
Treasurer	873			
Assessment of Taxes	478	478	478	
Collection of Taxes	7,062	7,062	7,061	1
Police	43,993	43,993	43,993	
Fire	180,689	511,866	511,866	
Board of Health	25,232	5,226	5,226	
Road Repairs and Maintenance	42,060	42,060	22,422	19,638
Shade Tree	8,613	8,613	8,613	
Public Buildings and Grounds	3,705	3,705	3,705	
Vehicle Maintenance	3,008	3,008		3,008
Unified Recreation Committee	5,519	5,519	5,519	
Senior Citizen Center	21,610			
Construction Code Enforcement	38,584	13,584	13,584	
Municipal Court	32,355	32,355	19,055	13,300
Public Defender	1			
Urban Enterprise Zone-Administration	54,225	54,225	10,120	44,105
Other Expenses:				
Administrative	1,008	9,908	7,586	2,322
Mayor and Council	2,587	2,587		2,587
Clerk	6,239	3,665	3,665	
Elections	4,675	2,312	2,312	
Legal	20	122,154	106,644	15,510
Prosecutor	2,000	2,000	120	1,880
Audit Fees		41,640	41,640	
Engineering	1,000	31,667	30,663	1,004
Beautification	434	500	66	434

Town of Kearny
Schedule of Appropriation Reserves

Current Fund

Year Ended June 30, 2007

	Balance, June 30, <u>2006</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Publicity and Industrial Development	363	363	363	
Life Insurance for Employees		3,603	3,603	
Treasurer	2,968	41,498	35,500	5,998
Assessment of Taxes	9,476	5,325	5,325	
Collection of Taxes	541	1,231	230	1,001
Police	26,260	234,320	208,493	25,827
Fire	3,658	69,434	66,683	2,751
Emergency Management Services	1	3,500	3,499	1
Board of Health	7	2,809	2,392	417
Animal License	19,662	19,662	19,662	
Board of Health-Contractual Agreement	1,881	2,215	242	1,973
Meals on Wheels	12,211	12,211	8,429	3,782
Road Repairs and Maintenance	175,016	29,637	19,721	9,916
Shade Tree	10,960	29,533	29,092	441
Public Buildings and Grounds	1,923	29,316	25,337	3,979
Vehicle Maintenance	618	15,766	8,100	7,666
Unified Recreation Committee	307	10,247	8,457	1,790
Celebration of Public Events	8,304	16,250	16,250	
Senior Citizen Center	655	2,036	1,422	614
Construction Code Enforcement	13,980	71,281	69,881	1,400
Zoning Commission	22,992	30,059	3,934	26,125
Board of Appeals	2,740	125	125	
Planning Board	29,281	33,698	7,614	26,084
Parking Lot Lease	4,826	4,826		4,826
Management Information	120	62,461	60,350	2,111
Electricity and Gas	82,259	27,400	27,400	
Street Lighting	5,284	46,098	46,098	
Communications	9,762	22,425	12,920	9,505
Block Parents Program	1,000			
Fuel Oil	2,699	7,363	7,363	
Postage	3,470			
Bailer Fees	53,272	165,480	160,480	5,000

Town of Kearny

Schedule of Appropriation Reserves

Current Fund

Year Ended June 30, 2007

	Balance, June 30, <u>2006</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
PERS			(39,090)	39,090
Contingent	2,000	2,000		2,000
Social Security System (OASI)	3,663	3,663	(22,282)	25,945
Consolidated police and Firemans Retirement System	1,989	1,989		1,989
Unemployment Insurance	15,991	15,991	5,428	10,563
Deferred Emergency Authorization		175,556	176,570	(1,014)
Municipal Court	9,265	11,192	1,927	9,265
Passaic Valley Sewer Commission: Share of Costs	556			
Maintenance of Public Library (Ch. 82 & 541, P.L. 1985) Contribution	123,222	264,479	264,479	
Capital Improvement Fund	10,000	10,000	10,000	
Employee Hospitalization	187,863	196,484	160,956	35,528
Other Insurance		3,705	3,705	
Urban Enterprise Zone-Administration	11,644	45,583	36,895	8,688
TOTAL	<u>\$ 1,381,379</u>	<u>2,700,572</u>	<u>2,315,922</u>	<u>384,650</u>
Encumbrances \$ 1,319,193				
Appropriation Reserves <u>1,381,379</u>				
<u>\$ 2,700,572</u>				
Transferred to Accounts Payable \$ 144,795				
Cash <u>2,171,127</u>				
<u>\$ 2,315,922</u>				

TOWN OF KEARNY, N.J.

Schedule of Reserve for Library Expenditures

Current Fund

Year Ended June 30, 2007

Balance June 30, 2006	\$ 54,943
Increased by:	
State Library Aid	<u>39,928</u>
	94,871
Decreased by:	
Library Aid Expenditures	<u>34,124</u>
Balance June 30, 2007	<u><u>\$ 60,747</u></u>

Schedule of Accounts Payable

Current Fund

Year Ended December 31, 2007

Balance June 30, 2006	\$ 58,923
Increased by:	
Transferred from Appropriation Reserves	<u>144,795</u>
	203,718
Decreased by:	
Payments	<u>26,051</u>
Balance June 30, 2007	<u><u>\$ 177,667</u></u>

TOWN OF KEARNY, N.J.

Schedule of Tax Overpayments

Current Fund

Year Ended June 30, 2007

Balance June 30, 2006	\$ 88,237
Increased by:	
Collections	<u>40,788</u>
	129,025
Decreased by:	
Refunds	<u>107,032</u>
Balance June 30, 2007	\$ <u><u>21,993</u></u>

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Current Fund

Year Ended June 30, 2007

<u>Fund</u>	Balance June 30, 2006	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2007
Federal and State Grant Fund	\$ 287,234	6,380,593	5,213,885	1,453,942
Animal License Trust Fund	7,140	53,245	60,385	
Other Trust Fund				
Community Development	1,833		1,833	
Other		1,475,165	1,474,928	237
Self-Insurance Trust Fund		276,332	276,332	
Water Operating Fund		1,166,424	1,166,424	
Water Capital Fund		875,000	875,000	
General Capital Fund	33	2,033,181	1,858,179	175,035
Payroll Agency Account	<u>80,572</u>	<u>3,252,808</u>	<u>3,333,380</u>	<u> </u>
	<u>\$ 376,812</u>	<u>15,512,748</u>	<u>14,260,346</u>	<u>1,629,214</u>

Analysis of Changes

Receipts	\$	10,186,688
Interest		237
Disbursements		13,632,603
Special Emergency		175,000
Debt Service		740,214
Payroll		87,214
Grants		3,152,808
		<u>833,636</u>
	\$	<u>15,512,748</u>
		<u>14,260,346</u>

TOWN OF KEARNY, N.J.**Schedule of County Taxes Payable****Current Fund****Year Ended June 30, 2007**

Increased by:

Levy	\$ 15,550,569
Added Assessments	<u>216,096</u>

15,766,665

Decreased by:

Payments	\$ <u><u>15,766,665</u></u>
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Schedule of Local District School Taxes Payable**Current Fund****Year Ended June 30, 2007**

Increased by:

Levy	\$ <u>42,427,638</u>
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Decreased by:

Payments	\$ <u><u>42,427,638</u></u>
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TOWN OF KEARNY, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended June 30, 2007

Balance June 30, 2006	\$ 83,913
Increased by:	
Collections	<u>31,948</u>
	115,861
Decreased by:	
Applied to 2007 Taxes Receivable	<u>83,913</u>
Balance June 30, 2007	\$ <u><u>31,948</u></u>

TOWN OF KEARNY, N.J.

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Year Ended June 30, 2007

<u>Program</u>	Balance, June 30, <u>2006</u>	<u>Received</u>	Anticipated Revenue in <u>2007</u>	Balance, June 30, <u>2007</u>
We the People Grant	826		826	
NJ Transit Grant	53,359	2,383	55,742	
Public Health Priority Funding		11,662	11,662	
2007 Clean Communities		3,037	3,037	
Jersey Fresh Grant		400	400	
2007 Office on Aging		14,762	14,762	
NJ State Library Computer Security Grant		5,300		5,300
	<u>54,185</u>	<u>37,544</u>	<u>86,429</u>	<u>5,300</u>

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Federal and State Grant Fund

Year Ended December 31, 2007

	Balance, June 30, <u>2006</u>	<u>Increase</u>	<u>Decrease</u>	Balance, June 30, <u>2007</u>
Current Fund	\$ (287,234)	5,213,885	6,380,593	(1,453,942)
Other Trust Fund	(253,383)	253,383		
General Capital Fund	<u>(1,697,946)</u>	<u>1,697,946</u>	<u> </u>	<u> </u>
	<u>\$ (2,238,563)</u>	<u>7,165,214</u>	<u>6,380,593</u>	<u>(1,453,942)</u>

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Year Ended June 30, 2007

<u>Grant</u>	<u>Balance,</u> <u>June 30,</u> <u>2006</u>	<u>2007 Grants</u> <u>Budgeted</u>	<u>Expenditures</u>	<u>Re-</u> <u>allocations</u>	<u>Canceled</u>	<u>Balance,</u> <u>June 30,</u> <u>2007</u>
Clean Communities Program:						
Fiscal Year 1999						
Fiscal Year 2000	28,771				(28,771)	
Fiscal Year 2001	10,547			(5)	(10,542)	
HMDC Recycling Grant	1,000				(1,000)	
New Jersey Department of Transportation:						
Pothole Repair Program	680					680
Discretionary Aid	19,623					19,623
Hazardous Discharge Site Remediation Fund:						
507 Elm Street	700				(700)	
Bergen Avenue	296					296
528 Elm Street Corporation	51,389					51,389
307 Elm Street	2,373				(2,373)	
199 Devon Avenue	6,300					6,300
380 Schuyler Avenue	4,538				(4,538)	
681-697 Schulyer Avenue	43,818				(43,818)	
Trojan Tool and Die	909				(909)	
Belgrove Drive Property	2,708		778			1,930
50 Belgrove Drive	19,926				(0)	19,926
Hudson County Law Enforcement Trust Fund	4				(0)	4
County of Hudson:						
Division of Environmental Health	64,256				(64,256)	
Public Health Priority Funding:						
Prior Year	13,498		13,498		(0)	(0)
Fiscal Year 1999	8,367				(8,367)	
Kearny Urban Enterprise Zone:						
Business Development Revolving Loan						
Streetscape Fiscal Year 2001	100,018		32,766		30,017	97,268
Public Relations and Marketing:						
Fiscal Year 1998 Sr Citizen Bus	2,479				(2,479)	
Harrison Avenue Sewer Improvement	133,912				(133,912)	
Marketing	16,208		745		(15,291)	172
6 Jacobus Avenue	330,946		68,182		(2)	262,762
Surveillance Cameras	58,621		201		(14,675)	43,745
Bergen Avenue Extension	382,557				(382,557)	
Streetscape III	394,056		935	80,000	(315,118)	158,003
Business Development Revolving Loan - 2002	311,019		309,828		8,050	9,241
Alcohol Education, Rehabilitation and Enforcement	3,239				(3,239)	
Library State Development Aid	4				(4)	
New Jersey Transportation Trust Fund:						
Fiscal Year 2000	17,673				(17,673)	
Fiscal Year 2001 - Wilson Avenue	52,881		11,760			41,121
Fiscal Year 2001 - Devon Street	2,335				32,254	34,589
Drunk Driving Enforcement Fund:						
Fiscal Year 2000	556				(556)	
Fiscal Year 2001	4,468				(4,468)	

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Year Ended June 30, 2007

<u>Grant</u>	Balance, June 30, <u>2006</u>	2007 Grants <u>Budgeted</u>	<u>Expenditures</u>	Re- <u>allocations</u>	<u>Canceled</u>	Balance, June 30, <u>2007</u>
Tobacco Age of Sale Enforcement-FY97	2,855				(2,855)	
Tobacco Age of Sale Enforcement-FY98	3,300				(3,300)	
Municipal Alliance Program:						
Fiscal Year 2003	540				(540)	
Town of Harrison Grant:						
Fiscal Year 1999	7,500				(7,500)	
Fiscal Year 2000	5,000				(5,000)	
Borough of East Newark Health Grant:						
Fiscal Year 1999	7,900				(7,900)	
Fiscal Year 2000	7,500				(7,500)	
State Police Grant:						
Fiscal Year 1999	4,000				(4,000)	
Fiscal Year 2000	4,000				(4,000)	
Health Grant	5,000				(5,000)	
Housing Grant:						
Fiscal Year 1999	3,820				(3,820)	
Fiscal Year 2000	15,585				(15,585)	
Hudson County Office on Aging:						
Fiscal Year 2000	9,706				(9,706)	
Fiscal Year 2001	20,845				(20,845)	
Library Grant	100		91			9
Aggressive Drivers Grant:						
Fiscal Year 2000	3,650		2,210		(1,440)	
Fiscal Year 2001	3,404		3,404		(0)	(0)
Body Armor Grant	59					59
Senior Health Grant	2,500					2,500
Highway Traffic Safety	75,000				(75,000)	
Hackensack Meadowlands Development Corp.	37,978					37,978
New Jersey Preventitive Smoking	3,050					3,050
Hudson County Improvement Authority	500					500
Hudson County Improvement Authority	0				(0)	
Occupation Protection Grant - FY01	13,137		2,280		(10,857)	
Local Law Enforcement Grant	8,019				(8,019)	
Clean Communities Grant			5	5		
Health Grant - Aging	44,530				(44,530)	
Recycling Grant	765				(765)	
Special Legislative Grant	50,000				(50,000)	
Town of Harrison Grant	12,500				(12,500)	
Body Armor Grant	5,837				(5,837)	
Town of East Newark	7,500				(7,500)	
State Police Grant	4,000				(4,000)	
New Jersey Preventitive Smoking	3,240				(3,240)	
FY 1999-01 UEZ Grants Administration	(740)				116,831	116,091
UEZ Redevelopment-2002	40,918				(40,918)	
UEZ Administrative-2002	47,530				(47,530)	
Health Office - Aging	30,937				(30,937)	
State Police Grant	4,000				(4,000)	
Library-Verizon Literacy	2				(2)	
Stop Violence	1				(1)	

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Year Ended June 30, 2007

<u>Grant</u>	Balance, June 30, 2006	2007 Grants <u>Budgeted</u>	<u>Expenditures</u>	Re- <u>allocations</u>	<u>Canceled</u>	Balance, June 30, 2007
Make it Click-2001	4,643				(4,643)	
OJJDP Police Vests	10,191				(10,191)	
Domestic Violence-2002	10,000				(10,000)	
Make it Click-2002	7,054			1,734	(8,788)	
Traffic Safety Click it or Ticket-2003	1,734			(1,734)		
Make it Click-2003	2,717				(2,717)	
New Jersey Department of Transportation:						
Formula Aid-2003	31,283				(31,283)	
Urban Aid-2003	7,000				(7,000)	
Kearny Ave Signal-2002 Phase E	130,279		32,172		(71,004)	27,103
Kearny Urban Enterprise Zone:						
Administrative Fees-2003	36,727		200		29,230	65,757
Police-2003	(74,275)				74,275	
Streetscape II	(50,000)				50,000	
Kearny Ave	473,627				(473,627)	
Public Relations and Marketing	85,042		33,607		4,942	56,377
Police-2002	56,279				(0)	56,279
Public Health Priority Funding-2003	45,000				(45,000)	
Office on Aging-2003	20,463				(20,463)	
Public Health Priority Funding-2004	10,785				(10,785)	
Drunk Driving Enforcement Fund-2004	20,351				(20,351)	
KUEZ Redevelopment-2000	33,743		15,235		(18,065)	443
KUEZ Administration-2004	78,710				7,486	86,196
Nextel Blackberry	345		345			
Office on Aging-2004	49,999				(49,999)	
NJ Transit-Bus 2004	28,906		2,296	25,098	(51,702)	6
2003 Bullet Proof Vest Grant-2004	8,330		6,986		(1,344)	
2003 Bullet Proof Vest Grant-2004 Local Match	8,330		6,758		(1,572)	
Homeland Security-2004	14		15		1	
State Police Grant-2004	4,000				(4,000)	
Fire Grant-2004	4				(4)	(0)
Municipal Aid - Quincy Avenue	14,840				(14,840)	
Green Acres Waterfront Acquisition	558,500		10,000		10,000	558,500
Local Aid - Center of Place	80,000			(80,000)		
Federal Emergency Management	4,000				(4,000)	
Make It Click-2004	5,000				(5,000)	
Recreation for Individuals with Disabilities-2004						
Comcast Grant			33,551		34,945	1,394
Public Health Priority Funding	22,664		11,333		(11,331)	
2004 Bullet Proof Vest Partnership	11,100		11,100			
Municipal Alliance Program	5,390				(5,390)	
Municipal Alliance Program Domestic Violence	0					0
Body Armor Grant - 2004	8,695		8,539			156
KUEZ Sidewalk Litter Collection Vehicle	186				(186)	
KUEZ Administration-2005	94,055		3,150		(17,891)	73,014
Recycling Tonnage	7,405		7,325			79
Office on Aging-2005	44,208				(44,208)	
NJ Transit-Bus 2005	60,000				(60,000)	
DOT Kearny Avenue Signal Package F	53,000				(53,000)	

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Year Ended June 30, 2007

Grant	Balance, June 30, 2006	2007 Grants Budgeted	Expenditures	Re- allocations	Canceled	Balance, June 30, 2007
DOT Keary Avenue Signal Package E&F	138,413					138,413
COPS in School	35,000				(35,000)	
Federal Recreation Trails Program	22,408				1,092	23,500
State ABC	6,000					6,000
Federal OEM Grant	2,406					2,406
NJMC Stormwater Management	11,500		5,483			6,017
Municipal Stormwater Regulation	20,619					20,619
Municipal Aid - Quincy Avenue	21,000				(21,000)	
NJDOT-Belgrove Drive	220,000				(220,000)	
Drug Enforcement Administration	8,283				(8,283)	
Smart Growth Planning Grant	66,500		66,500			
Make It Click	5,000		5,000			
FY 2006 Grants:						
FY 2005 Buffer Zone Protection Program	49,959		49,958			1
Recreation Opportunities for Individuals w/Disabilities	7,010		7,000		(10)	
ROIDS - Local Match			1,400		1,400	
Municipal Assistance Program-NJMC	64,700		64,700			
Municipal Alliance	46,971		47,186		215	0
Homeland Security-2006	16,929		16,850			79
Homeland Security-2006	10					10
Public Health Priority Funding	22,411		22,411			
Karma Foundation Library Grant	500		500			
Clean Communities Grant	30,526		30,526			
Municipal Stormwater Regulation	20,619					20,619
Aggressive Drivers Grant	4,150		150		(4,000)	
Body Armor Replacement Funds - 2005	10,677		10,247			430
2005 Justice Assistance Grant	12,712		11,141			1,571
Statewide Livable Communities Local Library Aid	90,000		90,000			
2006 Hudson County Office on Aging	40,000		35,014			4,986
FY 05 Recycling Tonnage Grant	9,943		9,808			134
U.S. Soccer Foundation Grant	100,000					100,000
FY 2007 Grants:						
2006 Pandemic Influenza Preparedness Grant		7,860	7,853		(7)	0
We the People Grant-Library		826	825			1
FY 06 New Jersey Transit Grant		60,000	2,789	(25,098)	(32,114)	(0)
FY 07 New Jersey Transit Grant		60,000	24,308			35,692
2005 Bullet Proof Vest		12,675	4,045			8,630
2005 Bullet Proof Vest Local Match		12,675				12,675
2006 Tobacco Age of Sale Enforcement		2,580	2,580			
Municipal Alliance		47,742	5,346			42,396
Municipal Alliance Local Match		11,936				11,936
State Local Co-op Housing Inspection Program		20,000				20,000
Public Health Priority Funding		23,080	23,080			
Hudson County OEM State Homeland Security		10,861	10,861			
NJ Council for the Humanities - Library		390	369			21
FY 06 Recycling Tonnage Grant		12,959	12,959			
2006 Bullet Proof Vest		9,735				9,735
2006 Hudson County Office on Aging		22,100	19,765			2,335
2007 ROIDS grant		6,862				6,862

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Year Ended June 30, 2007

Grant	Balance, June 30, 2006	2007 Grants Budgeted	Expenditures	Re- allocations	Canceled	Balance, June 30, 2007
2006 Body Armor Grant		11,011	7,312			3,699
2007 MAP Grant		100,000	98,625			1,375
KUEZ - Marketing and Zone Promotion Phase II		280,000	179,511			100,489
KUEZ - Business Development Revolving Loan		300,000	115,000			185,000
KUEZ - Kearny Ave Streetscape Extension		1,947,325	1,933,148			14,177
KUEZ - Zone Fire Engine - Custom Pumper		175,000				175,000
2007 Pandemic Influenza Preparedness Grant		10,597	811			9,786
2007 Clean Communities		33,236				33,236
Jersey Fresh Grant		400				400
KUEZ - Administrative FY 08		407,342				407,342
2007 Office on Aging		40,000	14,762			25,238
2007 Justice Assistance Grant		15,315				15,315
Speed Enforcement Grant		4,000				4,000
	<u>\$ 5,681,213</u>	<u>3,646,507</u>	<u>3,567,120</u>		<u>(2,477,936)</u>	<u>3,282,665</u>

Budget Appropriations\$ 3,123,955
Appropriations by 40a:4-87 522,552

\$ 3,646,507

Cash \$ 1,455,807
Encumbrances 2,111,313

\$ 3,567,120

TOWN OF KEARNY, N.J.

Schedule of Cash

Trust Funds

Year Ended June 30, 2007

	Animal Trust Fund	Other Trust Fund	Self- Insurance Trust Fund
Balance - June 30, 2006	\$ (706)	3,411,565	395,818
Increased by Receipts:			
Reserve for Animal Trust Expenditures	12,133		
Community Development		183,117	
Interfunds	16,580	3,268,388	280,743
Current Fund Appropriation	60,734		1,600,000
Appropriation Reserves	19,662		
Deferred Charge - Deficit in Trust	7,847		
Amount Due to the State of New Jersey	3,168		
Other Accounts Receivable		39	
Other Trust Funds		1,556,971	
Refunds			96,074
Prior Year Void Checks			
Interest on Investments		8,171	5,180
Total Receipts	120,124	5,016,686	1,981,997
	119,418	8,428,251	2,377,815
Decreased by Disbursements:			
Reserve for Animal Trust Expenditures	76,138		
Interfunds	23,720	3,216,601	280,743
Amount Due to the State of New Jersey	3,224		
Other Trust Funds		1,788,538	
Community Development		142,291	
Self-Insurance Liability			1,458,995
Total Disbursements	103,082	5,147,430	1,739,738
Balance - June 30, 2007	\$ 16,336	3,280,821	638,077

Exhibit B-3

TOWN OF KEARNY, N.J.

Schedule of Assessments Receivable - Unpledged

Assessment Trust Fund

Year Ended June 30, 2007

Balance - June 30, 2006	\$ <u>1,136</u>
-------------------------	-----------------

Balance - June 30, 2007	\$ <u><u>1,136</u></u>
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Exhibit B-4

Schedule of Assessments Liens Receivable - Unpledged

Assessment Trust Fund

Year Ended June 30, 2007

Balance - June 30, 2006	\$ <u>292</u>
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Balance - June 30, 2007	\$ <u><u>292</u></u>
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TOWN OF KEARNY, N.J.

Schedule of Miscellaneous Reserve

Other Trust Fund

Year Ended June 30, 2007

Balance - June 30, 2006	\$ 422
-------------------------	--------

Balance - June 30, 2007	\$	<u>422</u>
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TOWN OF KEARNY, N.J.

Schedule of Due to State of New Jersey

Animal Trust Fund

Year Ended June 30, 2007

	Dog License <u>Fees</u>
Balance - June 30, 2006	\$ 56
Increased by:	
Dog License Fees	<u>3,168</u>
	3,224
Decreased by:	
Payments	<u>\$ 3,224</u>

TOWN OF KEARNY, N.J.

Schedule of Other Accounts Receivable

Other Trust Fund

Year Ended June 30, 2007

Balance - June 30, 2006	\$ 47,482
Decreased by:	
Received from Bank	<u>39</u>
Balance - June 30, 2007	<u>\$ 47,443</u>

TOWN OF KEARNY, N.J.

Schedule of Community Development Receivables

Other Trust Fund

Year Ended June 30, 2007

	Balance <u>June 30, 2006</u>	<u>Awards</u>	<u>Receipts</u>	Adjustments/ <u>Canceled</u>	Balance <u>June 30, 2007</u>
1995-					
Façade Imp Program	\$ 17,768			(17,768)	
1998-					
Community Center Project	31,000			(31,000)	
Arlington Park Imp	13,759				13,759
Façade Imp Program				28,016	28,016
Kearny Avenue Reconstruction	718			(718)	
Street Reconstruction			718	718	
1999-					
Community Police Site	8,360		2,024	(634)	5,702
2001-					
Kearny Avenue Reconstruction	3,989			(3,989)	
Street Reconstruction			3,347	3,989	642
2002-					
Street Reconstruction				67,159	67,159
Kearny Avenue Reconstruction	59,757			(59,757)	
Kearny Avenue Reconstruction	7,402			(7,402)	
2003-					
Senior Health Services	3,473			(3,473)	
Senior Health Education	3,550			(3,550)	
Branch Library Exterior Reconstruction	12,412				12,412
Façade Imp Program				2,023	2,023
2004-					
Harvey Field House	81,432		16,214	(163)	65,055
Street Reconstruction	192,380		142,984	19,254	68,650
Branch Library Exterior Reconstruction	105,746				105,746
Kearny Avenue Reconstruction	19,254			(19,254)	
2005-					
Branch Library Exterior Reconstruction	96,100		17,830		78,270
Street Reconstruction	306,500				306,500
Harvey Field House	20,420				20,420
2006-					
Street Reconstruction		300,000			300,000
	<u>\$ 984,020</u>	<u>300,000</u>	<u>183,117</u>	<u>(26,549)</u>	<u>1,074,354</u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Animal Trust Fund Expenditures

Animal Trust Fund

Year Ended June 30, 2007

Balance - June 30, 2006	\$	(7,902)
Increased by:		
Budget Appropriation	\$	60,734
Appropriation Reserves		19,662
Deferred Charge - Deficit in Trust		7,847
Animal License Fees		<u>12,133</u>
		<u>100,376</u>
		92,474
Decreased by:		
Statutory excess Due to Current fund		
Expenditures Under R.S. 4:19-15.11		<u>76,138</u>
Balance - June 30, 2007	\$	<u><u>16,336</u></u>

License fees collected

<u>Year</u>	<u>Amount</u>
2005	15,598
2006	<u>13,136</u>
	<u><u>28,734</u></u>

TOWN OF KEARNY, N.J.

Schedule of Reserves

Other Trust Fund

Year Ended June 30, 2007

	Balance <u>June 30, 2006</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>June 30, 2007</u>
Recreation	\$ 136,408	131,385	98,995	168,798
Swim Pool	34,348	10,648	432	44,564
Tree Fund	5,612	150	5,762	
Affordable Housing	525,104	35,045		560,149
Landfill Closure	398,474			398,474
Urban Development Action Grant	140,000		140,000	
Senior Citizen Picnic	553		553	
POAA	101,797	20,513	3,175	119,135
Urban Enterprise Zone Project	1,512		1,512	
Exempt Firehouse	1,000		1,000	
Beautification	6,364		6,364	
Contributions to Town Center	3,225		3,225	
Public Defender Files	6,293	14,563	18,091	2,765
Dedicated Fire Penalties	45,340	9,132	637	53,835
Escrow Deposits	151,522	422,432	354,425	219,529
Elevator Inspection Fees	42,177	27,790	30,698	39,269
Special Deposits	36,237			36,237
Performance Deposits	273,412			273,412
Bond	291,569		189,656	101,913
Law Enforcement Trust Fund	3,541	11,712	4,396	10,857
DARE Program	64,173	87,398	141,343	10,228
Tax Title Lien Redemption				
Tax Title Lien Premiums	204,800	93,100	128,100	169,800
Public Library Trust				
Donations - Reserved Principal	10,000			10,000
Donations - Unreserved Interest	97	278	123	252
Donations - Unreserved	1,300			1,300
Various Donations	47,870	62,025	50,671	59,224
Domestic Violence	1,500			1,500
Police Overtime	127,978	371,877	365,236	134,619
Leaf Bags	2,576	774	3,332	18
Sewer Repairs	27,000			27,000
Recreation Umpire		13,975	12,765	1,210
Miscellaneous	50,773	37	41,388	9,422
Recycling Containers	3,545	55	3,600	
DEA Fund	153,725	72,614	149,803	76,536
UDAG	868,908	171,468	33,256	1,007,120
	<u>\$ 3,768,733</u>	<u>1,556,971</u>	<u>1,788,538</u>	<u>3,537,166</u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Community Development Block Grants

Other Trust Fund

Year Ended June 30, 2007

	Balance <u>June 30, 2006</u>	<u>Awards</u>	<u>Disbursements</u>	Adjustments/ <u>Canceled</u>	Balance <u>June 30, 2007</u>
1995-					
Façade Imp Program	17,768			(17,768)	
1998-					
Community Center Project	31,000			(31,000)	
Arlington Park	13,759				13,759
Harvey Field House	47,186			(47,186)	
Kearny Avenue Reconstruction	718			(718)	
Façade Imp Program				28,016	28,016
Street Reconstruction				718	718
1999-					
Community Police Site	6,336			(634)	5,702
2001-					
Kearny Avenue Reconstruction	3,989			(3,989)	
Street Reconstruction				3,989	3,989
2002-					
Street Reconstruction				67,159	67,159
Kearny Avenue Reconstruction	59,757			(59,757)	
Kearny Avenue Reconstruction	7,402			(7,402)	
2003-					
Senior Health Services	3,473			(3,473)	
Senior Health Education	3,550			(3,550)	
Branch Library Exterior Renovations	21,337			(8,925)	12,412
Façade Imp Program				2,023	2,023
2004-					
Harvey Field House	33,922		15,890	47,023	65,055
Street Reconstruction	145,380		117,781	19,254	46,853
Branch Library Exterior Renovations	87,611.00		1,920.00	20,055	105,746
Kearny Avenue Reconstruction	19,254.00			(19,254)	
2005-					
Branch Library Exterior Renovations	96,100		6,700	(11,130)	78,270
Street Reconstruction	306,500				306,500
Harvey Field House	20,420				20,420
2006-					
Street Reconstruction		300,000			300,000
	<u>\$ 925,462</u>	<u>300,000</u>	<u>142,291</u>	<u>(26,549)</u>	<u>1,056,622</u>

TOWN OF KEARNY, N.J.

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

Self-Insurance Trust Fund

Year Ended June 30, 2007

Balance - June 30, 2006		395,818
Increased by:		
Budget Appropriations		
Current Fund	\$ 1,600,000	
Interest on Investments	5,180	
Reimbursements	<u>96,074</u>	
		<u>1,701,254</u>
		2,097,072
Decreased by:		
Payment of Claims		<u>1,458,995</u>
Balance - June 30, 2007	\$	<u><u>638,077</u></u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Assessments and Liens

Assessment Trust Fund

Year Ended June 30, 2007

Balance - June 30, 2006	\$ <u>1,334</u>
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Balance - June 30, 2007	\$ <u><u>1,334</u></u>
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TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Other Trust Fund

Year Ended June 30, 2007

<u>Fund</u>	Balance June 30, 2006	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2007
Federal and State Grant Fund	\$ 253,383		253,383	
General Capital Fund		200,000		200,000
Current Fund	<u>(1,833)</u>	<u>3,016,601</u>	<u>3,023,176</u>	<u>(8,408)</u>
	<u>\$ 251,550</u>	<u>3,216,601</u>	<u>3,276,559</u>	<u>191,592</u>
Due from	\$ 253,383	200,000	253,383	200,000
Due (to)	<u>(1,833)</u>	<u>3,016,601</u>	<u>3,023,176</u>	<u>(8,408)</u>
	<u>\$ 251,550</u>	<u>3,216,601</u>	<u>3,276,559</u>	<u>191,592</u>

Analysis of Changes

Receipts	\$	3,268,388
Disbursements	3,216,601	
Budget		
Interest on Investments		<u>8,171</u>
	<u>\$ 3,216,601</u>	<u>3,276,559</u>

TOWN OF KEARNY, N.J.

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

Other Trust Fund

Year Ended June 30, 2007

<u>Fund</u>	Balance June 30, <u>2006</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2007</u>
Other Trust Fund:				
Affordable Housing Trust Fund	\$ (11,710)			(11,710)
Escrow Trust Fund	118,514			118,514
CDBG Trust Fund	284,124			284,124
Public Library Trust Fund	(1,300)			(1,300)
Affordable Housing Trust Fund:				
Other Trust Fund	11,710			11,710
Escrow Trust Fund	98,357			98,357
Escrow Trust Fund:				
Other Trust Fund	(118,514)			(118,514)
Affordable Housing Trust Fund	(98,357)			(98,357)
CDBG Trust Fund:				
Other Trust Fund	(284,124)			(284,124)
Public Library Trust Fund:				
Other Trust Fund	<u>1,300</u>	<u> </u>	<u> </u>	<u>1,300</u>
	\$ <u> </u>	<u> </u>	<u> </u>	<u> </u>
Due from	\$			
Due (to)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Analysis of Changes

Exchange

\$ \$

TOWN OF KEARNY, N.J.

Schedule of Cash

General Capital Fund

Year Ended June 30, 2007

Balance, June 30, 2006		\$	(17,256)
Increased by Receipts:			
Grants	\$	1,969,128	
Loans		202,164	
Serial Bonds		12,580,000	
Interfunds		1,766,891	
Bond Anticipation Notes		3,200,000	
Reserve for Receivables		1,083,000	
Schedule of Reserves		151,459	
Capital Improvement Fund		<u>110,000</u>	
			<u>21,062,642</u>
			21,045,386
Decreased by Disbursements:			
Bond Anticipation Notes		87,214	
Budget Revenue		342,646	
Reserve for Receivables		376,435	
Improvement Authorizations		18,475,649	
Interfunds		<u>1,665,206</u>	
			<u>20,947,150</u>
Balance, June 30, 2007		\$	<u>98,236</u>

TOWN OF KEARNY, N.J.

Analysis of Cash

General Capital Fund

Year Ended June 30, 2007

Reserve for Receivables	\$ 1,965,645
Reserve for Payment of Notes	144,735
Reserve for Green Trust	258
Reserve for Road Improvements	6,000
Reserve for Street Lights	466
Capital Improvement Fund	6,500
Fund Balance	108,518
Due to Current Fund	175,035
Due to Other Trust Fund	200,000
Community Development Block Grants	(450,000)
Department of Transportation Grants	(405,000)
Economic Development Authority Grant	(186,620)
Green Acres Grants	(832,822)
Urban Enterprise Zone	(745,000)
Wastewater Treatment Fund	(281,513)
Hudson County Open Space Grants	(410,000)
N.J. Environmental Infrastructure Trust Loans Receivable	(1,134,408)
Green Acres Loans	(832,822)
Deferred Charge - UEZ	(108,518)

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
1996-08	Multi-Purpose	
	a. Sewer/Fueling Station/Public Works	139,535
1996-44	Multi-Purpose	
	i. Installation of Radio Equipment and Dispatching System	557
1997-34	Multi-Purpose	
	f. Improvements to Fire Safety Facilities	3,174
1997-44	Planning and Design - Combined Sewer System	1,324
1998-26	Sewer Separation Project	98,319
1998-31	Multi-Purpose	
	a. Roadway Improvements	9,247
1999-32	Police Communications System	718
2000-36	Multi-Purpose	
	a. Roadway Improvements	6,506
	b. UST Removal and Monitoring	4,600

TOWN OF KEARNY, N.J.

Analysis of Cash

General Capital Fund

Year Ended June 30, 2007

2001-30	Multi-Purpose	
	a. Various Road Improvements	18,361
	b. Improvements to Police Facility	7,545
2001-51	Improvements to Kearny Avenue	937,009
2002-10	Various Capital Improvements	187,326
2002-45	Various Capital Improvements	18,542
2002-46	Various Sewer Repairs	204,959
2003-21	Multi-Purpose	
	a. Various Road Improvements	9,001
2004-24	Various Capital Improvements	
	a. Police Department Equipment	2,968
	b. Fire Department Equipment	4,809
	d. Street/Shade Tree Departments Eqpt.	4,586
	h. Public Works Department equipment	12,685
	i. Various Library repairs	626
	k. Acquisition of emergency water pump	11,200
	l. Electrical repairs at Sea Scout building	6,856
	m. Parking lot improvements at VFW	5,605
2004-25	Improvements to Solids and Floatables Facility	(2,308,839)
2004-57	Pump Station Maintenance and Repairs-Ivy/King	16,963
2004-58	Various Capital Improvements	7,895
2005-17	Purchase of Fire engine	12,507
2005-23	Pump Station Maintenance and Repairs	(8,363)
2005-53	Purchase of Fire Engine	15,265
2006-08	Reconstruction of Bell Playground	248,008
2006-09	Riverbank Skateboard Park	244,240
2006-13	Fire Department Turnout Gear	106,896
2006-15	Repaving of Bellgrove Drive	808
2006-37	Recreation Facility Lighting	199,595
2006-57	Storm Water Pump Station Repairs	(175,000)
2006-63	Various Road and Sewer Improvements	670,844
2007-03	Supplemental-Street Resurfacing Davis Avenue	270,552
2007-12	Improvement to Belgrove Dr Playground	968,353
2007-30	Various Capital Improvements	912,000
		<hr/>
		\$ 98,236

TOWN OF KEARNY, N.J.
Schedule of Grants Receivable
General Capital Fund
Year Ended June 30, 2007

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance, June 30, 2006</u>	<u>Awarded</u>	<u>Receipts</u>	<u>Balance, June 30, 2007</u>
CDBG Grants:					
1997-34	Sewer/Fueling Station/Public Works	300,000			300,000
1997-34	Town Community Center	150,000			150,000
		<u>450,000</u>			<u>450,000</u>
Homeland Security Grants:					
2005-53	Purchase of Fire Truck	247,500		247,500	
2006-13	Fire Department Turn Out Gear	166,500		166,500	
		<u>414,000</u>		<u>414,000</u>	
DOT Grants:					
Urban Enterprise Zone					
1997-32	Jacobus Avenue - Engineering	109,625		109,625	
1997-33	Construction of Jacobus and Hackensack Avenues	718,717		718,717	
2006-15	Repaving of Belgrove Drive	220,000		220,000	
2006-15	Repaving of Belgrove Drive	200,000		95,000	105,000
2007-03	Supplemental-Street Resurfacing Davis Avenue		300,000		300,000
		<u>1,248,342</u>	<u>300,000</u>	<u>1,143,342</u>	<u>405,000</u>
EDA Grants:					
2004-25	Improvements to CSO Control Facility		281,513		281,513
2005-03	Construction of Infrastructure Improvements	310,188		123,568	186,620
		<u>310,188</u>	<u>281,513</u>	<u>123,568</u>	<u>468,133</u>
Green Acres Grants:					
2006-08	Reconstruction of Bell Playground	390,850		88,218	302,632
2006-09	Riverbank Skateboard Park	138,690			138,690
2007-12	Improvement to Belgrove Playground		391,500		391,500
		<u>529,540</u>	<u>391,500</u>	<u>88,218</u>	<u>832,822</u>

TOWN OF KEARNY, N.J.
Schedule of Grants Receivable
General Capital Fund
Year Ended June 30, 2007

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance, June 30, 2006</u>	<u>Awarded</u>	<u>Receipts</u>	<u>Balance, June 30, 2007</u>
	Urban Enterprise Zone Grants:				
2007-30	Various Capital Improvements		745,000		745,000
			745,000		745,000
	Hudson County Open Space Grants:				
2006-08	Reconstruction of Bell Playground	200,000		200,000	
2007-12	Improvement to Belgrove Playground		300,000		300,000
2007-30	Various Capital Improvements		110,000		110,000
		200,000	410,000	200,000	410,000

TOWN OF KEARNY, N.J.

Schedule of Loans Receivable

General Capital Fund

Year Ended June 30, 2007

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance, June 30, 2006</u>	<u>Awarded</u>	<u>Receipts</u>	<u>Balance, June 30, 2007</u>
Environmental Infrastructure Loans:					
2002-59	Riverbank Park	\$ 437,597		104,636	332,961
2004-25	Improvements to CSO Control Facilities	810,757		9,310	801,447
		<u>1,248,354</u>		<u>113,946</u>	<u>1,134,408</u>
Green Acres Loans:					
2006-08	Reconstruction of Bell Playground	390,850		88,218	302,632
2006-09	Riverbank Skateboard Park	138,690			138,690
2007-12	Improvements to Belgrove Drive Playground		391,500		391,500
		<u>529,540</u>	<u>391,500</u>	<u>88,218</u>	<u>832,822</u>

TOWN OF KEARNY, N.J.

Schedule of Deferred Charges to Future
Taxation - Funded

General Capital Fund

Year Ended June 30, 2007

Balance, June 30, 2006	\$ 47,247,793
Increased by:	
Serial Bonds Issued	<u>12,580,000</u>
	59,827,793
Decreased by:	
Serial Bonds Refunded	\$ 12,355,000
Serial Bonds Paid by Current Year	
Budget Appropriations	250,000
N.J. Wastewater Loans Paid by	
Current Year Budget Appropriations	356,830
Green Acres Loans Paid by Current	
Year Budget Appropriations	<u>25,617</u>
	<u>12,987,447</u>
Balance, June 30, 2007	\$ <u><u>46,840,346</u></u>

TOWN OF KEARNY, N.J.

Schedule of Deferred Charges to
Future Taxation - Unfunded

General Capital Fund

Year Ended June 30, 2007

Ordinance Number	Improvement Description	Balance June 30, 2006	Authorizations	Funded	Reappropriated	Balance June 30, 2007	Analysis of Balance - June 30, 2007		
							Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
General Improvements:									
1997-44	Planning and Design - Combined Sewer System	\$ 328,848				328,848	328,848		
1997-53	Acquisition of Equipment for Department of Public Works	377,837				377,837	377,837		
1998-26	Sewer Separation Project	140,634	9,310			149,944		149,944	
1998-31	Multi-Purpose								
	a. Roadway Improvements	469,653				469,653	469,653		
	b. Improvements to Various Playgrounds	284,967			5,080	290,047	290,047		
1998-53	Sewer Separation and Sewer Overflow Project	758,137				758,137	758,137		
1999-32	Police Communications System	47,000				47,000	47,000		
2000-36	Multi-Purpose								
	a. Roadway Improvements	135,000				135,000	135,000		
	b. UST Removal and Monitoring	7,020				7,020	7,020		
2001-30	Multi-Purpose								
	a. Various Road Improvements	200,746				200,746	200,746		
	b. Improvements to Police Facility	629,247			11,000	640,247	640,247		
2002-60	Pension Refunding Bonds	25,000		25,000					
2004-24	Multi-Purpose								
	a. Police department equipment	228,240		72,279		155,961	155,961		
	b. Fire department equipment	115,900				115,900	115,900		
	c. Recreation department wrestling mats	7,750				7,750	7,750		
	d. Street/Shade Tree department equipment	51,300				51,300	51,300		
	f. Tax Collector/Assessor filing system	14,301				14,301	14,301		
	g. Building and Construction dept. software	31,350				31,350	31,350		
	h. Department of Public Works equipment	725,800				725,800	725,800		
	i. Library repairs and painting	47,500				47,500	47,500		
	k. Acquisition of emergency water pump	53,200				53,200	53,200		
2004-24	Multi-Purpose								
	l. Electrical repairs at Sea Scout building	23,750				23,750	23,750		
	m. Parking lot improvements at VFW	11,714				11,714	11,714		
	n. Acquisition of centralized phone system	319,200				319,200	319,200		
	o. Various renovations to Town Hall	285,000				285,000	285,000		

TOWN OF KEARNY, N.J.

Schedule of Interfund Due from/(to) Various Funds

General Capital Fund

Year Ended June 30, 2007

	Balance June 30, <u>2006</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2007</u>
Current Fund	\$ (33)	1,295,680	1,470,682	(175,035)
Federal and State Grant Fund	1,697,946		1,697,946	
Other Trust Fund			200,000	(200,000)
Water Utility Capital Fund	(369,526)	369,526		
	<u>\$ 1,328,387</u>	<u>1,665,206</u>	<u>3,368,628</u>	<u>(375,035)</u>
Receipts		\$	1,766,891	
Current Budget			1,601,737	
Disbursements		<u>1,665,206</u>		
		<u>\$ 1,665,206</u>	<u>3,368,628</u>	

TOWN OF KEARNY, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended June 30, 2007

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, June 30, 2007			Interest Rate	Balance June 30, 2006	Issued	Decreased	Balance June 30, 2007
			Date	Amount						
Refunding Bonds	July 1, 1997	\$ 13,400,000	02/15/08	370,000	5.25%	9,435,000			6,530,000	2,905,000
			02/15/09	2,535,000	5.50%					
General Purpose	Nov. 15, 1997	8,570,000				3,300,000			3,300,000	
General Improvements	Jan. 15, 2003	13,844,000	1/15/2010	1,500,000	3.875%	13,519,000			985,000	12,534,000
			1/15/2011	1,600,000	4.00%					
			1/15/2012	1,700,000	4.00%					
			1/15/2013	1,800,000	4.00%					
			1/15/2014	1,900,000	4.00%					
			1/15/2015	2,000,000	4.10%					
			1/15/2016	2,034,000	4.15%					
Refunding Bonds Series 2003A	Jan. 15, 2003	14,140,000	1/15/2008	170,000	2.65%	5,450,000			415,000	5,035,000
			1/15/2009	115,000	3.20%					
			1/15/2010	1,320,000	3.40%					
			1/15/2011	990,000	3.50%					
			1/15/2012	780,000	3.85%					
			1/15/2013	670,000	4.00%					
			1/15/2014	255,000	4.00%					
			1/15/2015	135,000	4.125%					
			1/15/2016	600,000	4.25%					

TOWN OF KEARNY, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended June 30, 2007

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, June 30, 2007		Interest Rate	Balance June 30, 2006	Issued	Decreased	Balance June 30, 2007
			Date	Amount					
Refunding Bonds Series 2003B	Jan. 15, 2003	8,875,000	1/15/2010	685,000	4.40%	8,875,000		1,375,000	7,500,000
			1/15/2011	780,000	4.70%				
			1/15/2012	640,000	5.04%				
			1/15/2013	730,000	5.00%				
			1/15/2014	825,000	5.10%				
			1/15/2015	935,000	5.20%				
			1/15/2016	1,050,000	5.25%				
			1/15/2017	1,175,000	5.35%				
			2/01/21	680,000	5.92%				
Refunding Bonds Series 2006A	Feb. 1, 2007	7,480,000	2/1/2010	1,065,000	4.500%	7,480,000			7,480,000
			2/1/2011	1,195,000	4.00%				
			2/1/2012	1,055,000	4.00%				
			2/1/2013	1,195,000	4.00%				
			2/1/2014	1,500,000	4.75%				
			2/1/2015	1,170,000	5.00%				
			2/1/2016	300,000	5.00%				
Refunding Bonds Series 2006B	Feb. 1, 2007	8,875,000	2/1/2010	210,000	4.980%	5,100,000			5,100,000
			2/1/2011	410,000	5.01%				
			2/1/2012	1,000,000	5.02%				
			2/1/2013	1,000,000	5.05%				
			2/1/2014	1,150,000	5.08%				
			2/1/2015	1,100,000	5.11%				
			2/1/2016	230,000	5.16%				
						\$ 40,579,000	12,580,000	12,605,000	40,554,000

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

General Capital Fund

Year Ended June 30, 2007

	Original Issue		Maturities of Loans Outstanding, June 30, 2007		Interest Rate	Balance June 30, 2006	Decreased	Balance June 30, 2007
	Date	Amount	Date	Amount				
Trust Share	11/05/98	\$ 1,575,000	08/01/07	75,000	4.25%	\$ 1,205,000	70,000	1,135,000
			08/01/08	75,000	4.25%			
			08/01/09	80,000	4.25%			
			08/01/10	85,000	4.25%			
			08/01/11	85,000	4.25%			
			08/01/12	90,000	4.50%			
			08/01/13	95,000	4.50%			
			08/01/14	100,000	4.50%			
			08/01/15	105,000	4.50%			
			08/01/16	110,000	4.50%			
			08/01/17	115,000	4.50%			
			08/01/18	120,000	4.50%			
Trust Share	11/04/04	\$ 1,025,000	08/01/07	35,000	3.00%	1,025,000	35,000	990,000
			08/01/08	40,000	4.00%			
			08/01/09	40,000	5.00%			
			08/01/10	40,000	5.00%			
			08/01/11	45,000	5.00%			
			08/01/12	45,000	5.00%			
			08/01/13	50,000	5.00%			
			08/01/14	50,000	5.00%			
			08/01/15	55,000	4.00%			
			08/01/16	55,000	4.00%			
			08/01/17	55,000	4.00%			
			08/01/18	60,000	5.00%			
			08/01/19	60,000	5.00%			
			08/01/20	65,000	5.00%			
			08/01/21	70,000	5.00%			
			08/01/22	70,000	5.00%			
			08/01/23	75,000	5.00%			
			08/01/24	80,000	4.25%			
Fund Share	11/05/98	\$ 1,507,371	08/01/07	80,271	*	1,046,141	96,386	949,755
			08/01/08	78,209	*			
			08/01/09	79,248	*			
			08/01/10	80,081	*			
			08/01/11	77,607	*			
			08/01/12	78,294	*			
			08/01/13	78,835	*			
			08/01/14	79,232	*			
			08/01/15	79,482	*			
			08/01/16	79,587	*			
			08/01/17	79,547	*			
			08/01/18	79,362	*			
Fund Share	11/04/04	\$ 3,047,070	08/01/07	153,122	*	2,927,686	155,444	2,772,242
			08/01/08	159,376	*			
			08/01/09	155,586	*			
			08/01/10	151,795	*			
			08/01/11	157,244	*			
			08/01/12	152,980	*			
			08/01/13	157,955	*			
			08/01/14	153,690	*			
			08/01/15	159,186	*			
			08/01/16	155,017	*			

TOWN OF KEARNY, N.J.
Schedule of New Jersey Wastewater Loan Payable

General Capital Fund

Year Ended June 30, 2007

Original Issue		Maturities of Loans Outstanding, June 30, 2007		Interest	Balance		Balance
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>June 30, 2006</u>	<u>Decreased</u>	<u>June 30, 2007</u>
		08/01/17	150,326	*			
		08/01/18	154,353	*			
		08/01/19	148,668	*			
		08/01/20	152,221	*			
		08/01/21	155,302	*			
		08/01/22	148,668	*			
		08/01/23	151,807	*			
		08/01/24	154,946	*			
					<u>\$ 6,203,827</u>	<u>356,830</u>	<u>5,846,997</u>

* Interest Free

TOWN OF KEARNY, N.J.

Schedule of Green Acres Trust Loans Payable

General Capital Fund

Year Ended June 30, 2007

Purpose	Original Issue	Maturities of Loans Outstanding, June 30, 2007		Interest Rate	Balance June 30, 2006	Decreased	Balance June 30, 2007
		Date	Amount				
F. J. Vincent Marina	\$ 73,725	08/07/07	\$ 2,075	2.00%	\$ 25,800	4,089	21,711
		02/07/08	2,096				
		08/07/08	2,117				
		02/07/09	2,138				
		08/07/09	2,159				
		02/07/10	2,181				
		08/07/10	2,203				
		02/07/11	2,225				
		08/07/11	2,247				
		02/07/12	2,270				
Riverbank Park	235,731	07/11/07	5,384	2.00%	205,142	10,609	194,533
		01/11/08	5,438				
		07/11/08	5,492				
		01/11/09	5,547				
		07/11/09	5,603				
		01/11/10	5,659				
		07/11/10	5,715				
		01/11/11	5,772				
		07/11/11	5,830				
		01/11/12	5,888				
		07/11/12	5,947				
		01/11/13	6,007				
		07/11/13	6,067				
		01/11/14	6,127				
		07/11/14	6,189				
		01/11/15	6,251				
		07/11/15	6,313				
		01/11/16	6,376				
		07/11/16	6,440				
		01/11/17	6,504				
		07/11/17	6,569				
		01/11/18	6,635				
		07/11/18	6,701				
		01/11/19	6,766				
		07/11/19	6,836				
		01/11/20	6,904				
		07/11/20	6,974				
		01/11/21	7,043				
		07/11/21	7,114				
		01/11/22	7,185				
		07/11/22	7,257				
Harvy Field	\$ 250,000	08/28/07	5,542	2.00%	234,024	10,919	223,105
		02/28/08	5,597				
		08/28/08	5,653				
		02/28/09	5,710				
		08/28/09	5,767				
		02/28/10	5,824				
		08/28/10	5,883				
		02/28/11	5,942				
		08/28/11	6,001				
		02/28/12	6,061				
		08/28/12	6,122				
		02/28/13	6,183				
		08/28/13	6,245				
		02/28/14	6,307				
		08/28/14	6,370				
		02/28/15	6,434				
		08/28/15	6,498				
		02/28/16	6,563				
		08/28/16	6,629				
		02/28/17	6,695				
		08/28/17	6,762				
		02/28/18	6,830				

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TOWN OF KEARNY, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended June 30, 2007

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance	
						June 30, 2006	June 30, 2007
1997-44	Planning and Design Combined Sewer	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	328,848	328,848
1997-53	Acquisition of Equipment-DPW	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	377,837	377,837
1998-31	Various Capital Improvements	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	754,620	759,700
1998-53	Sewer Separation and Overflow	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	758,137	758,137
1999-32	Police Communications Equipment	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	47,000	47,000
2000-36	Multi Purpose	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	142,020	142,020
2001-30	Multi Purpose	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	829,993	840,993
2004-58	Various Capital Improvements	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	5,080	5,080
2005-17	Purchase of Fire engine	February 1, 2005	February 1, 2007	February 1, 2008	3.89%	11,000	11,000
2004-24	Various Capital Improvements	June 30, 2004	June 28, 2007	February 1, 2008	3.91%	1,915,005	1,842,726
2004-57	Pump Station Maintenance and Repairs-Ivy/King	June 30, 2004	June 28, 2007	February 1, 2008	3.91%	227,525	218,947
2004-58	Various Capital Improvements	June 30, 2004	June 28, 2007	February 1, 2008	3.91%	60,220	57,950
2005-53	Purchase of Fire engine	June 30, 2004	June 28, 2007	February 1, 2008	3.91%	108,400	104,313
2005-23	Pump Station Maintenance and Repairs	February 1, 2007	February 1, 2007	February 1, 2008	3.89%	100,000	100,000
2006-08	Reconstruction of Bell Playground	February 1, 2007	February 1, 2007	February 1, 2008	3.89%	50,000	50,000
2006-63	Various Road and Sewer Improvements	February 1, 2007	February 1, 2007	February 1, 2008	3.89%	850,000	850,000
2006-08	Reconstruction of Bell Playground	April 26, 2007	April 26, 2007	February 1, 2008	3.75%	700,000	700,000
2006-09	Riverbank Skateboard Park	April 26, 2007	April 26, 2007	February 1, 2008	3.75%	250,000	250,000
2006-15	Repaving of Bellgrove Drive	April 26, 2007	April 26, 2007	February 1, 2008	3.75%	250,000	250,000
2007-12	Improvement to Belgrove Dr Playground	April 26, 2007	April 26, 2007	February 1, 2008	3.75%	1,000,000	1,000,000

\$	5,565,685	8,678,471	5,565,685	8,678,471
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Cash	\$	3,200,000	
Budget Appropriation			87,214
Renewed		5,478,471	5,478,471
	\$	8,678,471	5,565,685

TOWN OF KEARNY, N.J.

Schedule of Reserve for Receivables

General Capital Fund

Year Ended June 30, 2007

Balance, June 30, 2006	\$ 1,259,080
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Increased by:	
Awards	\$ <u>1,083,000</u>

	2,342,080
--	-----------

Decreased by:	
Appropriation to Improvement Authorizaiton	\$ <u>376,435</u>

Balance, June 30, 2007	<u><u>1,965,645</u></u>
------------------------	-------------------------

Analysis of Balance:

Green Acres Grant - Skateboark Park	138,690
Green Acres Grant - Bell Playground	302,633
Green Acres Loan - Skateboark Park	138,690
Green Acres Loan - Bell Playground	302,632
Hudson County Open Space Grant	<u>1,083,000</u>

	\$ <u><u>1,965,645</u></u>
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TOWN OF KEARNY, N.J.
Schedule of Improvement Authorizations
General Capital Fund
Year Ended June 30, 2007

Ordinance Number	Improvement Description	Ordinance Amount	Balance June 30, 2006		Paid or Charged	Canceled	Balance June 30, 2007	
			Funded	Unfunded			Funded	Unfunded
	General Improvements: F. J. Vincent Marina	115,000						
	c. Underground Tanks							
	Sewer Improvements	1,950,000						
	Multi-Purpose							
	Sewer/Fueling Station/Public Works		139,535				139,535	
1996-44	Multi-Purpose							
	i. Installation of Radio Equipment and Dispatching System		1,907		1,350		557	
1997-34	Multi-Purpose							
	c. Purchase of Radio Dispatch System	315,000						
	d. Construction of Town Community Center	517,500						
	e. Construction of Fire Safety Facilities	199,500						
	f. Improvements to Fire Safety Facilities	78,750	3,174				3,174	
	g. Acquisition of Fire Safety and Protection Equipment	100,000						
1997-32	Engineering Work - Jacobus Avenue (UEZ Project 95-1)	109,625	25,210			(25,210)		
1997-33	Construction of Jacobus Avenue (UEZ Project 95-1) and Hackensack Avenue (UEZ Project 97-110)	1,465,860	694,613			(694,613)		
1997-44	Planning and Design - Combined Sewer System	350,000		1,324				1,324
1998-26	Sewer Separation Project	3,297,500	108,215	140,634	586		98,319	149,944
1998-31	Multi-Purpose							
	a. Roadway Improvements	500,000		9,247				9,247
	b. Improvements to Various Playgrounds	300,000						

TOWN OF KEARNY, N.J.
Schedule of Improvement Authorizations
General Capital Fund
Year Ended June 30, 2007

Ordinance Number	Improvement Description	Ordinance Amount	Balance June 30, 2006		Paid or Charged	Canceled	Balance June 30, 2007	
			Funded	Unfunded			Funded	Unfunded
1999-23	General Improvements:							
1999-30	Surveillance Camera System	38,500						
1999-32	Upgrade of Pump Station	150,000						
2000-36	Police Communications System	700,000		774	56			718
	Multi-Purpose							
	a. Various Road Improvements	750,000		6,506				6,506
2001-07	b. UST Removal and Monitoring	150,000		4,600				4,600
	Purchase and Installation of Various Computers and Related Work	150,000						
2001-08	John Hay Pump Replacement	100,000						
2001-30	Multi-Purpose							
	a. Various Road Improvements	723,000		18,361			18,361	
2001-51	b. Improvements to Police Facility	1,077,000		47,441	39,896			7,545
	Improvements to Kearny Avenue	3,000,000	950,207		13,198		937,009	
2002-10	Various Capital Improvements	2,550,000	244,641		57,315		187,326	
2002-45	Various Capital Improvements	1,180,570	18,542				18,542	
2002-46	Various Sewer Repairs	250,000	204,959				204,959	
2002-60	Pension Refunding Bonds	8,900,000		25,000		(25,000)		
2003-21	Multi-Purpose							
	a. Pump Station Repairs		9,721		720		9,001	
2004-24	Various Capital Improvements							
	a. Police Department Equipment	345,516		3,492	524			2,968
	b. Fire Department Equipment	122,000		4,809				4,809
	c. Recreation Department Equipment	9,000						
	d. Street/Shade Tree Departments Eqpt.	54,000		49,646	45,060			4,586
	e. Vehicle Department various tools	8,000						
	f. Tax Collector's revolving filing system	15,054						
	g. Building Department computer software	33,000						
	h. Public Works Department equipment	764,000		13,525	840			12,685

TOWN OF KEARNY, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended June 30, 2007

Ordinance Number	Improvement Description	Ordinance Amount	Balance June 30, 2006		Paid or Charged	Canceled	Balance June 30, 2007	
			Funded	Unfunded			Funded	Unfunded
<u>General Improvements:</u>								
2004-24	Various Capital Improvements			845	219			626
	i. Various Library repairs	50,000						
	j. Pump repairs	239,500						
	k. Acquisition of emergency water pump	56,000	2,800	53,200	44,800			11,200
	l. Electrical repairs at Sea Scout building	25,000	1,250	23,750	18,144			6,856
	m. Parking lot improvements at VFW	75,720		5,800	195			5,605
	n. Acquisition of centralized phone system	336,000		440	440			
2004-25	o. Various renovations to Town Hall	300,000						
	Improvements to Solids and Floatables Facility	11,000,000	672,868	6,927,930	3,263,220			4,337,578
	Pump Station Maintenance and Repairs-Ivy/King			39,783	22,820			16,963
	Various Capital Improvements			22,599	14,704			7,895
	Construction of Infrastructure Improvements	1,500,000						
	Purchase of Fire engine			12,603	96			12,507
	Pump Station Maintenance and Repairs	149,000		42,802	9,615			33,187
	Purchase of Fire Engine	375,000	268,225	106,366	359,326			15,265
	Reconstruction of Bell Playground	981,700		935,838	687,830			248,008
	Riverbank Skateboard Park	277,380		277,380	5,760			271,620
2006-13	Fire Department Turnout Gear	296,000	287,483		180,587		106,896	64,308
	Repaving of Bellgrove Drive	750,000	391,500	313,500	640,692		199,595	
	Recreation Facility Lighting	222,000	222,000		22,405			
	Storm Water Pump Station Repairs	175,000		175,000	175,000			770,844
	Various Road and Sewer Improvements	1,000,000		1,000,000	229,156			
	Refunding Bonds	14,000,000		14,000,000	12,580,000	(1,420,000)		
	Supplemental-Street Resurfacing Davis Avenue	300,000		300,000	29,448		270,552	
	Improvement to Belgrove Drive Playground	1,083,000		1,083,000	31,647			1,051,353
	Various Capital Improvements	2,050,000		2,050,000			912,000	1,138,000
			\$ 4,246,850	9,088,195	18,475,649	(2,164,823)	3,087,465	8,215,108
<u>Capital Improvement Fund</u>								
			\$		\$			
			Capital Improvement Fund		107,000			
			Grant Awards		1,155,000			
			Authorized but not Issued		17,346,000			

TOWN OF KEARNY, N.J.

Schedule of Reserves

General Capital Fund

Year Ended June 30, 2007

	<u>Increases</u>	Balance June 30, <u>2007</u>
Reserve for:		
Payment of Notes Ord. 2006-08	\$ 144,735	144,735
Green Trust	258	258
Road Improvements	6,000	6,000
Street Lights	<u>466</u>	<u>466</u>
	\$ <u>151,459</u>	<u>151,459</u>

TOWN OF KEARNY, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended June 30, 2007

Balance, June 30, 2006		\$	3,500
Increased by:			
Budget appropriation	\$	100,000	
Appropriation reserves		<u>10,000</u>	
			<u>110,000</u>
			113,500
Decreased by:			
Appropriated to Finance Improvement			
Authorizations			<u>107,000</u>
Balance, June 30, 2007		\$	<u><u>6,500</u></u>

TOWN OF KEARNY, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended June 30, 2007

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance June 30, 2006</u>	<u>Authorizations</u>	<u>Decreased</u>	<u>Balance June 30, 2007</u>
<u>General Improvements:</u>					
1998-26	Sewer Separation Project	140,634	9,310		149,944
2002-60	Refunding of Certain Pension Liabilities	25,000		25,000	
2004-25	Improvements to Solids and Floatables Facility	6,927,930		281,513	6,646,417
2005-23	Pump Station Maintenance and Repairs	141,550		100,000	41,550
2006-08	Reconstruction of Bell Playground	981,700		981,700	
2006-09	Riverbank Skateboard Park	277,380		250,000	27,380
2006-15	Repaving of Bellgrove Drive	313,500		250,000	63,500
2006-57	Storm Water Pump Station Repairs		175,000		175,000
2006-63	Various Road and Sewer Improvements		950,000	850,000	100,000
2006-67	Refunding Bonds		14,000,000	14,000,000	
2007-12	Improvement to Belgrove Dr Playground		1,083,000	1,000,000	83,000
2007-30	Various Capital Improvements		1,138,000		1,138,000
		<u>\$ 8,807,694</u>	<u>17,355,310</u>	<u>17,738,213</u>	<u>8,424,791</u>
			Serial Bonds \$	12,580,000	
			Grants	513,213	
			Bond Anticipation Notes	3,200,000	
			Cancelled	1,445,000	
				<u>\$ 17,738,213</u>	

TOWN OF KEARNY, N.J.

Schedule of Cash - Treasurer

Water Utility Fund

Year ended June 30, 2007

	<u>Operating</u>	<u>Capital</u>
Balance, June 30, 2006	\$ <u>(9,987)</u>	<u>902,541</u>
Increased by Receipts:		
Water Collector	4,443,412	
Miscellaneous Revenue	23,957	
Interfunds	<u>2,111,458</u>	<u>2,844,934</u>
	<u>6,578,827</u>	<u>2,844,934</u>
	6,568,840	3,747,475
Decreased by Disbursements:		
2007 Appropriations	4,254,458	
2006 Appropriation Reserves	677,238	
Interfunds	1,388,628	2,070,302
Interest on Bonds and Notes	196,540	
Improvement Authorizations		1,582,107
Capital Surplus	<u> </u>	<u>61,362</u>
	<u>6,516,864</u>	<u>3,713,771</u>
Balance, June 30, 2007	\$ <u><u>51,976</u></u>	<u><u>33,704</u></u>

TOWN OF KEARNY, N.J.

Analysis of Cash

Water Utility Capital Fund

June 30, 2007

		Balance, June 30, <u>2007</u>
Capital Improvement Fund		\$ 32,750
Interfunds Payable		340,000
Improvement Authorizations:		
Ordinance		
<u>number</u>	<u>General improvements</u>	
2001-46	Acquisition of Vehicles and Equipment	8,747
2006-27	Improvements to Water Utility	200,957
2006-58	Water Utility Repairs	(600,000)
2007-31	Various Water Utility Improvements	<u>51,250</u>
		<u>\$ 33,704</u>

TOWN OF KEARNY, N.J.

Due from East Orange Water Commission

Water Utility Fund

Year ended June 30, 2007

Balance, June 30, 2006	\$ <u>440,768</u>
Balance, June 30, 2007	\$ <u><u>440,768</u></u>

TOWN OF KEARNY, N.J.**Schedule of Consumers' Accounts Receivable -
Operating Fund****Water Utility Fund****Year ended June 30, 2007**

Balance, June 30, 2006	\$ 869,304
Increased by:	
2007 Levy	<u>4,099,809</u>
	4,969,113
Decreased by:	
Cash receipts	<u>4,443,412</u>
Balance, June 30, 2007	\$ <u><u>525,701</u></u>

TOWN OF KEARNY, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year ended June 30, 2007

<u>Account</u>	Balance, June 30, <u>2006</u>	Balance, June 30, <u>2007</u>
Mains and Accessories	\$ 8,755,411	\$ 8,755,411
Wanaque Project	4,466,891	4,466,891
Ramapo Project	615,103	615,103
General	624,980	624,980
Acquisition of Vehicles	300,000	300,000
Acquisition of Water Meters	<u>1,463,310</u>	<u>1,463,310</u>
	<u>\$ 16,225,695</u>	<u>\$ 16,225,695</u>

TOWN OF KEARNY, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year ended June 30, 2007

Ordinance number	<u>Improvement description</u>	<u>Ordinance</u>		Balance, June 30, 2006	Authorized in 2007	Balance, June 30, 2007
		<u>Date</u>	<u>Amount</u>			
5/25/1993	Water Supply and Distribution System	May 25, 1993	\$ 79	79		79
2004-23	Various Water Improvements	April 27, 2004	1,256,000	1,256,000		1,256,000
2006-27	Improvements to Water Utility	April 12, 2006	825,000	825,000		825,000
2006-58	Water Utility Repairs	October 24, 2006	600,000		600,000	600,000
2007-31	Various Water Utility Improvements	June 26, 2007	973,750		973,750	973,750
				\$ 2,081,079	1,573,750	3,654,829

TOWN OF KEARNY, N.J.

Schedule of 2006 Appropriation Reserves

Water Utility Fund

Year ended June 30, 2007

	Balance, June 30, <u>2006</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid or charged</u>	Balance <u>Lapsed</u>
Operating:				
Other Expenses	\$ 605,980	687,032	677,238	9,794
North Jersey Water District Supply	7,415	7,415		7,415
Statutory Expenditures:				
Contribution to: Unemployment				
Compensation Insurance	134	134		134
Social Security	<u>1,000</u>	<u>1,000</u>		<u>1,000</u>
	<u>\$ 614,529</u>	<u>695,581</u>	<u>677,238</u>	<u>18,343</u>

TOWN OF KEARNY, N.J.

Schedule of Emergency Authorizations

Water Utility Fund

Year ended June 30, 2007

<u>Description</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Added</u>	<u>Raised</u> <u>in 2007</u> <u>Budget</u>	<u>Balance</u> <u>June 30, 2007</u>
Emergency	\$ <u>600,000</u>	<u> </u>	<u>600,000</u>	<u> </u>

TOWN OF KEARNY, N.J.

Schedule of Accrued Interest on Bonds and Notes

Water Utility Fund

Year ended June 30, 2007

Balance, June 30, 2006	\$ 49,934
Increased by:	
Budget Appropriation	<u>196,540</u>
	246,474
Decreased by:	
Payments	<u>196,540</u>
Balance, June 30, 2007	<u>\$ 49,934</u>

Analysis of Balance

Principal Outstanding <u>June 30, 2007</u>	<u>Period</u>	Interest <u>Rate</u>	Required <u>Amount</u>
\$ 90,000	15 days	7.200%	\$ 270
405,000	1 month	5.100%	1,721
1,153,000	5 1/2 months	5.250%	30,944
225,000	5 1/2 months	3.875%	4,569
1,256,000	5 months	3.890%	<u>20,358</u>
			<u>\$ 57,862</u>

TOWN OF KEARNY, N.J.

Schedule of Accounts Payable

Water Utility Capital Fund

Year ended June 30, 2007

Increased by:

Transfer from Budget Appropriations

\$ 54,566

Balance, June 30, 2007

\$ 54,566

TOWN OF KEARNY, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year ended June 30, 2007

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, June 30, 2006		2007 Authorizations		Balance, June 30, 2007	
				Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
2001-46	Acquisition of Vehicles and Equipment	October 11, 2001	\$ 300,000	8,747	4,310			8,747	4,310
2004-23	Various Water Improvements	April 27, 2004	1,463,310		358,064				358,064
2006-27	Improvement to Water Utility	April 12, 2006	825,000		825,000				624,043
2006-58	Water Utility Repairs	October 24, 2006	600,000			600,000			600,000
2007-31	Various Water Utility Improvements	June 26, 2007	1,025,000			1,025,000		51,250	973,750
				\$ 8,747	1,187,374	1,625,000		59,997	1,179,017

TOWN OF KEARNY, N.J.
Schedule of Capital Improvement Fund
Water Utility Capital Fund
Year ended June 30, 2007

Balance, June 30, 2006	\$ 6,000
Increased by:	
Budget Appropriations	<u>78,000</u>
	84,000
Decreased by:	
Appropriated to Finance Improvements Authorizations	<u>51,250</u>
Balance, June 30, 2007	<u><u>\$ 32,750</u></u>

Schedule of Reserve for Amortization
Water Utility Capital Fund
Year ended June 30, 2007

Balance, June 30, 2006	\$ 14,143,385
Increased by:	
Payment of Serial Bond Principal	<u>205,000</u>
Balance, June 30, 2007	<u><u>\$ 14,348,385</u></u>

TOWN OF KEARNY, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year ended June 30, 2007

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Date of ordinance</u>	Balance, June 30, <u>2006</u>	Balance, June 30, <u>2007</u>
5/25/1993	Water Supply and Distribution System	5/25/1993	\$ <u>79</u>	<u>79</u>

TOWN OF KEARNY, N.J.

Schedule of Water Utility Serial Bonds

Water Utility Capital Fund

Year ended June 30, 2007

<u>Purpose</u>	<u>Date of issue</u>	<u>Original issue</u>	<u>Maturities of bonds outstanding, June 30, 2007</u>		<u>Interest rate</u>	<u>Balance, June 30, 2006</u>	<u>Decreased</u>	<u>Balance, June 30, 2007</u>
			<u>Date</u>	<u>Amount</u>				
Water Improvements	December 15, 1989	490,000	December 15, 2007-09	30,000	7.20%	\$ 120,000	30,000	90,000
Water Bond Series 1997	November 15, 1997	735,000	August 1, 2007-15 August 1, 2016	40,000 45,000	5.10%	445,000	40,000	405,000
Acquisition of Water Meters	January 15, 2003	1,463,000	January 15, 2008-09 January 15, 2010 January 15, 2011-13 January 15, 2014-15 January 15, 2016	110,000 120,000 120,000 150,000 153,000	5.25% 5.25% 5.40% 5.40% 5.50%	1,263,000	110,000	1,153,000
Acquisition of Vehicles	January 15, 2003	300,000	January 15, 2008-09 January 15, 2010-14 January 15, 2015 January 15, 2016	25,000 25,000 25,000 25,000	3.875% 4.00% 4.10% 4.15%	250,000	25,000	225,000
						<u>\$ 2,078,000</u>	<u>205,000</u>	<u>1,873,000</u>

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Water Utility Operating Fund

Year ended June 30, 2007

	Balance, June 30, <u>2006</u>	<u>Increased</u>	<u>Decreased</u>	Balance, June 30, <u>2007</u>
Current Fund	\$	1,388,628	1,388,628	
Water Utility Capital Fund	<u>12,894</u>	<u>1,100,408</u>	<u>773,302</u>	<u>340,000</u>
	<u>12,894</u>	<u>2,489,036</u>	<u>2,161,930</u>	<u>340,000</u>
Due from	12,894	1,100,408	773,302	340,000
Due (to)	<u>12,894</u>	<u>1,388,628</u>	<u>1,388,628</u>	<u>340,000</u>
	\$ <u>12,894</u>	<u>2,489,036</u>	<u>2,161,930</u>	<u>340,000</u>
Receipts	\$	500,408	1,611,050	
Current Budget			550,880	
Water Budget		600,000		
Disbursements		<u>1,388,628</u>		
	\$	<u>2,489,036</u>	<u>2,161,930</u>	

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Water Utility Capital Fund

Year ended June 30, 2007

	Balance, June 30, <u>2006</u>	<u>Increased</u>	<u>Decreased</u>	Balance, June 30, <u>2007</u>
Current Fund	\$	1,375,000	1,375,000	
General Capital Fund	369,526		369,526	
Water Utility Operating Fund	<u>(12,894)</u>	<u>773,302</u>	<u>1,100,408</u>	<u>(340,000)</u>
	\$ <u>356,632</u>	<u>2,148,302</u>	<u>2,844,934</u>	<u>(340,000)</u>
	Receipts \$		2,844,934	
	Disbursements	2,070,302		
Improvement Authorizations		<u>78,000</u>		
	\$	<u>2,148,302</u>	<u>2,844,934</u>	

TOWN OF KEARNY, N.J.

Schedule of Bond Anticipation Notes Payable

Water Utility Capital Fund

Year Ended June 30, 2007

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

TOWN OF KEARNY, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Year ended June 30, 2007

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, June 30, 2006</u>	<u>Issued</u>	<u>Balance, June 30, 2007</u>
2001-46	Acquisition of Vehicles and Equipment	\$ 4,310		4,310
2006-58	Water Utility Repairs		600,000	600,000
2007-31	Various Water Utility Improvements		973,750	973,750
		<u>\$ 4,310</u>	<u>1,573,750</u>	<u>1,578,060</u>

Exhibit E-1**TOWN OF KEARNY, N.J.****Schedule of Cash****Public Assistance Trust Fund****Year Ended June 30, 2007**

Balance June 30, 2006		\$	3,981
Increased by:			
Current Fund - Budget Appropriation	\$	5,000	
Interest Earned			
			<u>5,000</u>
			8,981
Decreased by:			
Emergency Assistance			<u>612</u>
Balance June 30, 2007		\$	<u><u>8,369</u></u>

Exhibit E-2**Schedule of Amount Due from Current Fund****Public Assistance Fund****Year Ended June 30, 2007**

Increased By:			
Interest Earnings	\$	<u>16</u>	
Balance June 30, 2007	\$	<u><u>16</u></u>	

TOWN OF KEARNY, N.J.

Reserve for Public Assistance Expenditures

Public Assistance Trust Fund

Year Ended June 30, 2007

Balance June 30, 2006		\$	3,981
Increased by:			
Current Fund - Budget Appropriation	\$	5,000	
Interest Earned		<u>16</u>	
			<u>5,016</u>
			8,997
Decreased by:			
Emergency Assistance			<u>612</u>
Balance June 30, 2007		\$	<u><u>8,385</u></u>

TOWN OF KEARNY

Letters on Compliance and on Internal Control

General Comments and Recommendations

Year ended June 30, 2007

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

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

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

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

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

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

We have audited the financial statements-regulatory basis of the Town of Kearny in the County of Hudson as of and for the year ended June 30, 2007, and have issued our report thereon dated January 14, 2008. Our report disclosed that, as described in note 1 to the financial statements-regulatory basis, the Town of Kearny prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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



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

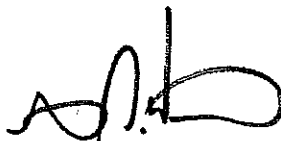
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

Compliance and Other Matters

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

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

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



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



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

January 14, 2008



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

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

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

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

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

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

Compliance

We have audited the compliance of the Town of Kearny, County of Hudson, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended June 30, 2007. The Town of Kearny's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Town of Kearny's management. Our responsibility is to express an opinion on the Town of Kearny's compliance based on our audit.

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

In our opinion, the Town of Kearny complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2007.



Internal Control Over Compliance

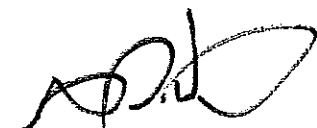
The management of the Town of Kearny is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Town of Kearny's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

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

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

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

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



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



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

January 14, 2008



TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Program	CFDA number	Grant period	Award Amount	Balance at June 30, 2006	Cash Received	Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2007	MEMO Cumulative Total Expenditures
Federal and State Grant Fund:									
U.S. Department of Justice:			\$						
COPS More Civilian	16.726	1999-00							*
COPS More	16.726	2000-01							*
		2001-2002	125,000						*
COPS in School		2002-2003	45,000						*
COPS in School		2003-2004	45,000						45,000
COPS in School		2004-05	35,000	35,000			(35,000)		*
		Prior Years							*
COPS Fast	16.728	1998-99							*
COPS Fast	16.728	1999-00							*
		2001-02	10,000	10,000			(10,000)		*
Domestic Violence Against Women	16.588		1,499						*
Domestic Violence Against Women	16.588		6,616						*
Domestic Violence Against Women			9,823						*
Drug Enforcement Agency			8,283	8,283			(8,283)		*
Drug Enforcement Agency									*
Homeland Security	97.073	2003-04	125,000	(99,986)	15	1		(100,000)	125,000
Homeland Security	97.073	2005-06	44,000	16,850	16,850				43,921
Homeland Security	97.073	2005-06	40,000	(39,990)				(39,990)	39,990
				(69,843)		16,865	(53,282)	(139,990)	253,911
Federal Emergency Management Agency:									*
Emergency Management Assistance		2002-03	2,406	2,406				2,406	*
Emergency Management Assistance		2003-04	4,000			(4,000)		(4,000)	*
Fire Grant	EMW-2003-FG-03111	2003-04	73,879	4	4	(4)			4,400
Recreation Trails Program	20.219	2004-05	25,000	7,408			1,092	8,500	2,592
				9,818			(2,912)	6,906	6,992
Total Federal and State Grant Fund				(60,025)		16,865	(56,194)	(133,084)	260,903

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

		Year ended June 30, 2007						
Program	CFDA number	Grant period	Award Amount	Balance at June 30, 2006	Cash Received	Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2007
Other Trust Fund:								MEMO Cumulative Total Expenditures
Department of Housing and Urban Development (passed through County of Hudson):								*
Community Development Block Grant:								*
1995-								*
Façade Imp Program	14.219		100,000					*
1998-								82,232
Community Center Project	14.219		31,000					*
Adington parks imp	14.219		50,000					*
Façade Imp Program	14.219		28,016					36,241
Harvey Field House	14.219		50,063	47,186			(47,186)	*
Street Reconstruction	14.219		718		718			2,877
1999-								*
Community Police Site	14.219		36,000	(2,024)	2,024			29,664
2001-								*
Street Reconstruction	14.219		3,989		3,347			3,347
2002-								*
Street Reconstruction	14.219		350,000					282,841
2003-								*
Playground ADA compliant	14.219		40,000					40,000
Senior Health Services	14.219		20,000					16,527
Senior Health Education	14.219		10,000					10,000
Branch Library Exterior Reconstruction	14.219		375,000	8,925			(8,925)	362,588
Façade Imp Program	14.219		2,023					*
2004-								*
Harvey Field House	14.219		90,000	(47,510)	16,214	15,890	47,186	40,835
Street Reconstruction	14.219		235,000	(47,000)	142,984	117,781		(21,797)
Branch Library Exterior Reconstruction	14.219		105,746	(18,135)		1,920	20,055	12,255

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Program	CFDA number	Grant period	Award Amount	Balance at June 30, 2006	Cash Received	Expenditures	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2007	MEMO Cumulative Total Expenditures
2005-									
Street Reconstruction	14.219		306,500					*	*
Branch Library Exterior Reconstruction	14.219		130,616		17,830	6,700	(11,130)	*	* 104,700
Harvey Field House	14.219		20,420					*	*
2006-								*	*
Street Reconstruction	14.219		300,000					*	*
Total Trust Funds				(58,558)	183,117	142,291		(17,732)	* 1,228,161
General Capital Fund:								*	*
Department of Housing and Urban Development (passed through County of Hudson):								*	*
Community Development Block Grant:								*	*
Capital Improvements to Sewer/Fuel Station/DPW	14.219	1997-34	300,000	(300,000)				(300,000)	* 300,000
Community Center	14.219	1997-34	150,000	(150,000)				(150,000)	* 150,000
				(450,000)				(450,000)	* 450,000
Homeland Security Grant:								*	*
Purchase of Fire Engine	97.073	2005-53	247,500	(409)	247,500	247,091			* 247,500
Fire Department Turn Out Gear	97.073	2006-13	166,500		166,500	166,500			* 166,500
				(409)	414,000	413,591			* 414,000
Total General Capital Funds				(450,409)	414,000	413,591		(450,000)	* 864,000
Total Federal Awards				\$ (568,992)	597,117	572,747	(56,194)	(600,816)	* 2,353,064

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

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2007

	Grant number	Grant period	Award Amount	Balance June 30, 2006	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2007	MEMO Cumulative Total Expenditures
Federal and State Grant Fund:										
Department of Commerce & Economic Development:										
Urban Enterprise Zone Program:										
Prior Year Administration										
1999 Administration	2830-763-250120-50									
2001 Administration	2830-763-250120-50	1999-01	286,968	(740)				66,817	66,077	286,968
2002 Administration	2830-763-250120-50	2001-02	204,475	47,530				(47,530)		156,945
2003 Administration	2830-763-250120-50	2002-03	206,986	(144,003)	149,104	200		2,974	7,875	170,459
2004 Administration	2830-763-250120-50	2003-04	246,996	(157,818)	105,263			(2,982)	(55,537)	168,286
2005 Administration	2830-763-250120-50	2004-05	278,898	(184,843)	214,747	3,150		(17,891)	8,863	187,993
2006 Administration	2830-763-250120-50	2005-06	283,051	(184,832)					(184,832)	184,832
2007 Administration	2830-763-250120-50	2006-07	407,342							
Public Relations and Marketing:										
Fiscal Year 1998	2830-763-250120-50			(47,056)	103,191			(56,135)		
Fiscal Year 2003	2830-763-250120-50	2002-03	150,000	(67,958)	146,108	33,607		7,942	52,485	98,565
Police Grant-2002	2830-763-250120-50	2001-02	56,279	56,279					56,279	
Police Grant-2003	2830-763-250120-50	2002-03	304,976	(304,902)	56,279			248,623		304,976
Business Development Revolving Loan	2830-763-250120-50	2002-03		(23,149)				23,149		
Business Development Revolving Loan	2830-763-250120-50	2001-02		(25,868)	4,991	309,828		(1)	(330,706)	309,828
Business Development Revolving Loan	2830-763-250120-50	2006-07	300,000			115,000			(115,000)	115,000
Hackensack Avenue:										
Construction	2830-763-250120-50									
Improvement	2830-763-250120-50									
Streetscape Study:										
Phase I	2830-763-250120-50									
Phase II-2003	2830-763-250120-50			(891,773)	448,666			336,041	(107,066)	448,666
Cairns, Iris and Hust Tool	2830-763-250120-50		50,000	(50,000)				50,000		50,000
Maintenance Equipment	2830-763-250120-50			(583)				583		
Strategic Development Plan	2830-763-250120-50		28,130							
Harrison Ave Sewer	2830-763-250120-50			133,000				(133,000)		
Marketing and Promotion Strategy	2830-763-250120-50			16,208				(15,291)		
Marketing and Promotion Strategy - Phase II	2830-763-250120-50	2006-07	280,000	(47,671)		745		(97,655)	172	745
6 Jacobus Avenue	2830-763-250120-50			58,621		68,182		(14,675)	(179,511)	179,511
Surveillance Cameras	2830-763-250120-50					201		(43,745)	(213,508)	68,182
Surveillance Cameras	2830-763-250120-50		186,410		138,230			(186,410)	(48,180)	201
Streetscape Fiscal Year 2001	2830-763-250120-50		700,000	100,018		32,766		30,016	97,268	632,748
Streetscape	2830-763-250120-50	2000-01								
Streetscape	2830-763-250120-50	2001-02	256,855							
Streetscape	2830-763-250120-50	2001-02	1,000,000	(358,741)				358,741		617,443
Bergen Avenue Extension	2830-763-250120-50	2001-02		(548,350)						
Revolving Loan	2830-763-250120-50	2001-02	548,350							
Streetscape III	2830-763-250120-50	2002-03	555,732	394,056		80,000		(315,118)	158,003	162,611
Redevelopment Grant	2830-763-250120-50	2002-03	60,000	(18,135)		935		18,135		19,083
Redevelopment Grant	2830-763-250120-50	2003-04	60,000	(26,258)		15,235		27,141	(14,352)	41,493
Kearny Ave.	2830-763-250120-50	2002-03	1,666,505	(491,524)				491,524		1,197,878
Kearny Ave. Streetscape Extension - Phase II	2830-763-250120-50	2006-07	223,528			1,893,148		(223,528)	(223,528)	
Kearny Ave. Streetscape Extension	2830-763-250120-50	2002-03	1,947,325						(1,933,148)	1,933,148
Bergen Avenue Extension - 2002	2830-763-250120-50	2002-03		(78,549)	359,682			(382,557)	(101,424)	781,259
Sidemark Litter Collection Vehicle	2830-763-250120-50	2004-05	63,146	(62,960)	62,960					62,960
Zone Fire Engine - Custom Pumper	2830-763-250120-50	2006-07	175,000							62,960
				(2,910,021)	1,785,221	2,692,508	80,000	717,263	(3,016,045)	8,786,110

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2007

	Grant number	Grant period	Award Amount	Balance June 30, 2006	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2007	MEMO Cumulative Total Expenditures
Department of Community Affairs	8050-150-051570-60	1997-98							* </td <td>*</td>	*
	Recreation for Individuals with Disabilities								* </td <td>*</td>	*
	8050-150-051570-60	2002-03	10,000						* </td <td>*</td>	*
	Recreation for Individuals with Disabilities			(6,500)				6,500		10,000
	8050-150-051570-60	2003-04	10,000	(10,000)				3,500	(6,500)	10,000
	Recreation for Individuals with Disabilities									7,000
	8050-150-051570-60	2004-05	10,000							
	Recreation for Individuals with Disabilities				4,545	7,000		2		
	100-022-8050-035	2005-06	7,010	2,453						
	Special Legislative Grant									
		2001-02	50,000	50,000				(50,000)	* </td <td>*</td>	*
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TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2007

Grant number	Grant Period	Award Amount	Balance June 30, 2006	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2007	MEMO Cumulative Total Expenditures
Hazardous Discharge Site Remediation									
507 Elm Street			700				(700)		
Bergen Avenue			296					296	
528 Elm Street Corporation			(8,055)					(8,055)	
307 Elm Street			2,373				(2,373)		
Meadowlands Gas Station			(12,978)					(12,978)	
199 Devco Avenue			6,300					6,300	
380 Schuyler Avenue			4,538				(4,538)		
681-697 Schuyler Avenue		49,922	(6,104)				(43,818)	(49,922)	6,104
Trojan Tool and Die			909				(909)		
Belgrove Drive Property			2,708		778			1,930	778
50 Belgrove Drive			19,926					19,926	
			111,879	51,350	76,886		(103,761)	(17,418)	269,390
Department of Transportation									
New Jersey Transportation Trust Fund									
Authority Act of 1984:									
Prior Years									
Fiscal Year 2000	1999-00		(75,823)				(41,104)	(116,927)	
Fiscal Year 2001 - Wilson Avenue	2000-01	90,000	17,673		11,760		(31,025)	(13,352)	48,879
Fiscal Year 2001 - Devco Street	2000-01	150,000	52,881				32,254	41,121	147,665
			(41,812)					(9,558)	
New Jersey Department of Transportation									
Shuttle Bus	2002-03	60,000	(31,902)				31,902		60,000
Shuttle Bus	2003-04	82,381	(34,400)		2,296	25,098	11,604	6	55,771
Shuttle Bus	2004-05	60,000	4,975				(4,075)		
Formula Aid	2002-03	230,000	24,678	6,605			(31,283)		198,717
Urban Aid	2002-03	7,000	7,000				(7,000)		
Kearny Ave Signal	2002-03	130,279	15,529		32,172		(32,016)	(48,659)	32,172
Kearny Ave Signal	2003-04	60,000	(60,000)	53,616				(6,384)	60,000
Pothole Repair Program	2003-04		680					680	
Discretionary Aid	2003-04	150,000	19,623					19,623	
Quincy Ave.	2004-05	53,000							
Kearny Ave Signal - Package F	2004-05	237,000	(98,387)	14,000				(84,387)	98,387
Kearny Ave Signal - Package E&F	2004-05	220,000							
Belgrove Drive	2005-06	60,000	53,359	11,509	2,789	(25,098)	(36,981)		2,789
	2006-07	60,000		21,692	24,308			(2,616)	24,308
			(147,026)	107,402	73,325		(107,724)	(220,653)	728,888

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TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2007

Grant number	Grant period	Award Amount	Balance June 30, 2006	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2007	MEMO Cumulative Total Expenditures
Aggressive Drivers	1999-00	3,650	2,210		2,210			*	2,210
Aggressive Drivers	2000-01	3,650	3,404		3,404			*	3,650
Aggressive Drivers	2001-02	5,200						*	*
Aggressive Drivers	2005-06	7,500		4,000	150		(4,000)	(150)	3,500
Stop Violence	2002-03	3,000	(2,999)				(1)	(3,000)	2,999
OJDP Police Vests	2002-03	10,823	(632)				632		632
OJDP Police Vests	2003-04	8,831		1,844	6,986		(1,844)	(6,986)	15,317
OJDP Police Vests - Local Match	2003-04	8,330	8,330		6,758		(1,572)		8,330
OJDP Police Vests	2004-05	11,100			11,100			(11,100)	11,100
OJDP Police Vests	2005-06	12,675			4,045			(4,045)	4,045
OJDP Police Vests - Local Match	2005-06	12,675					12,675	12,675	
OJDP Police Vests	2006-07	9,735							
Body Armor Grant			59					59	
Body Armor Grant	2003-04	11,942	5,838				(5,838)		6,104
Body Armor Grant	2004-05	11,331	(11,331)					(11,331)	
Body Armor Grant	2004-05	10,905	8,695		8,539			156	10,749
Body Armor Grant	2005-06	10,677	10,677	11,011	10,247			430	10,247
Body Armor Grant	2006-07	11,011			7,312			3,699	7,312
			22,438	16,855	60,751		1,865	(19,593)	91,250
Law and Public Safety: Hudson County Law Enforcement Trust Fund: Prior Year			4					4	
Criminal Justice		1,500							
Highway Traffic Safety		75,000	75,000				(75,000)		
Make it Click-2001	2000-2001	4,643	4,643				(4,643)		
Make it Click-2002	2001-02	8,494	7,054			1,734			1,440
Make it Click-2003	2002-03	9,720	(7,003)				7,003		7,003
Make it Click-2004	2003-04	3,600	3,600				(3,600)		
Make it Click		5,076	5,000		5,000				5,000
Traffic Safety Click it or Ticket	2002-03	9,600	(7,866)			(1,734)	9,600		7,866
NJ Department of Public Safety	2000-01	13,137	13,137					13,137	
Speed Enforcement Grant	2006-07	4,000							
Law Enforcement Block Grant		38,474	(38,474)				38,474		38,474
Law Enforcement Block Grant	2001-02	30,137	(30,137)					(30,137)	30,137
Law Enforcement Block Grant	2002-03	91,909							
Law Enforcement Block Grant	2002-03	130,659	2,867				(2,867)		122,640
Law Enforcement Block Grant	2003-04	20,338	(20,338)					(20,338)	20,338

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2007

Grant number	Grant period	Award Amount	Balance June 30, 2006	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2007	MEMO Cumulative Total Expenditures
State Police Grant									
Fiscal Year 1999	1998-99	4,000	4,000				(4,000)		*
Fiscal Year 2000	1999-00	4,000	4,000				(4,000)		*
Fiscal Year 2001	2000-01	4,000	4,000				(4,000)		*
Fiscal Year 2003	2002-03	4,000	4,000				(4,000)		*
Fiscal Year 2004	2003-04	4,000					(4,000)	(4,000)	*
Buffer Zone Protection Program	2005-06	49,959			49,958			(49,958)	49,958
			23,487		54,958		(59,821)	(91,292)	282,856
Library and Archives									
State Library Aid		100	100	5,300	91			9	91
State Library Computer Security Grant		5,300						5,300	
			100	5,300	91			5,309	91
Other State Agencies									
Smart Growth Planning Grant	2004-05	70,000	11,500		66,500			(55,000)	70,000
R.O.I.D. Grant	2005-06	1,400			1,400		1,400		4,900
R.O.I.D. Grant	2006-07	6,862		2,402				2,402	3,500
MAP Grant	2006-07	100,000			98,625			(98,625)	100,000
			11,500	2,402	166,525		1,400	(151,223)	178,400
Total State Assistance			(2,756,020)	2,198,809	3,356,142	80,000	331,937	(3,501,416)	10,814,477
Other Financial Assistance:									
Hudson County:			4						
Library State Development Aid		28,000	(27,500)				(4)	(27,500)	27,500
Hudson County Improvement Authority			(30,294)						
Hudson County Health - Office of the Aging			20,845						
Transportation	1999-00		20,462						
Transportation	2000-01	20,463							
Hudson County Health - Office of the Aging	2002-03							(1)	
Health	2001-02	45,000	44,530				(44,530)		470
Health	2002-03	30,937	30,937				(30,937)		
Health	2003-04	49,999	49,999				(49,999)		
Health	2004-05	44,208	42,243				(42,243)		
Health	2005-06	22,100							
Hudson County Health - Office of the Aging	2005-06	40,000	11,072	19,765	19,765				19,765
Hudson County Health - Office of the Aging	2006-07	40,000		23,842	35,014				35,014
HMDC Recycling Grant	2000-01	1,000		14,762	14,762		(1,000)	(1,000)	14,762
Justice Assistance	2005-06	13,787	(1,075)		11,141				12,216
Jersey Fresh Grant	2006-07	15,315			10,861			(12,216)	1,075
Hudson County - OEM State Homeland Security	2006-07	10,861						(10,861)	10,861
	2006-07	400		400				400	*

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2007

Grant number	Grant Period	Award Amount	Balance June 30, 2006	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2007	MEMO Cumulative Total Expenditures
Local Assistance:									
Town of Harrison	1998-99	7,500	7,500				(7,500)		
Town of Harrison	1999-00	5,000	5,000				(5,000)		
Town of Harrison	2001-02	12,500	12,500				(12,500)		
Town of East Newark	1998-99	7,900	7,900				(7,900)		
Town of East Newark	1999-00	7,500	7,500				(7,500)		
Town of East Newark	2001-02	7,500	7,500				(7,500)		
Other Miscellaneous Local Assistance:									
Library-Webster Grant	2002-03	27,750	(27,750)					(27,750)	27,750
Library-Varizon Literacy	2002-03	3,000					(3,000)	(3,000)	2,998
Library-Bill Gates-Computers	2002-03	25,400	(25,400)					(25,400)	25,400
Library-Karima Foundation Grant	2005-06	500	500		500			21	500
Library-NJ Council for the Humanities	2006-07	390	390	390	369			(30,000)	369
US Soccer Federation		30,000	(30,000)						30,000
US Soccer Federation	2005-06	100,000							
Community Recreation Grant			37,978					37,978	
Hockensack Meadows Development Corporation	2004-05	75,000							
New Jersey Meadowslands Commission	2005-06	100,000	(35,300)	100,000	64,700				100,000
Center of Place	2003-04	80,000	60,000			(80,000)		(20,000)	
Nextel BlackBerry		345	345		345				345
Occupation Protection Grant	2000-01		(10,857)		2,280		13,137		2,280
We the People Grant	2005-06	826	826		825			1	825
Combat Grant	2005-06	34,945			33,551		34,945	1,394	33,551
Total Other Financial Assistance			179,465	159,259	194,113	(80,000)	(189,545)	(117,934)	375,975
Total Federal and State Grant Fund:			(2,576,555)	2,358,068	3,550,255		149,392	(3,619,550)	11,190,452
General Capital Fund:									
Department of Transportation:									
Engineering Work - Jacobus Ave	1997-32	109,625	(84,415)	109,625					84,415
Construction of Jacobus and Hackensack Ave.	1997-33	718,717	(718,717)	718,717			(25,210)		718,717
Repaving of Belgrove Drive	2006-15	220,000	(28,500)	220,000	191,500				220,000
Repaving of Belgrove Drive	2006-15	200,000		95,000	95,000			(29,448)	95,000
Supplemental-Street Resurfacing Davis Ave.	2007-03	300,000			29,448				29,448
			(831,632)	1,143,342	315,948		(25,210)	(29,448)	1,147,580
Economic Development Authority:									
Improvements to CSO Control Facility	2004-25	281,513			281,513			(281,513)	281,513
Construction of Infrastructure Improvements	2005-03	1,500,000	(310,187)	123,568			(1)	(186,620)	1,500,000
			(310,187)	123,568	281,513		(1)	(468,133)	1,781,513

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2007

Grant number	Grant period	Award Amount	Balance June 30, 2006	Cash Received	Budgetary Expenditures	Re-Allocations	Adjustments	Deferred Revenue/ (Accounts Receivable) at June 30, 2007	MEMO Cumulative Total Expenditures
Urban Enterprise Zone Grants: Various Capital Improvements	2007-30	745,000						*	*
Green Acres Grants: Reconstruction of Bell Playground Riverbank Skateboard Park Improvements to Belgrove Playground	2006-08 2006-09 2007-12	390,850 138,690 391,500	(45,863)	88,218	344,987 5,760 31,647			(302,632) * (5,760) * (31,647) *	390,850 5,760 31,647
			(45,863)	88,218	382,394			(340,039) *	428,257
Hudson County Open Space: Reconstruction of Bell Playground Improvements to Belgrove Playground Various Capital Improvements	2006-08 2007-12 2007-30	200,000 300,000 110,000		200,000	200,000			*	200,000
				200,000	200,000			*	200,000
			(1,187,682)	1,555,128	1,179,835		(25,211)	(837,620) *	3,557,350
Total General Capital Fund:			\$ (3,764,237)	3,913,196	4,730,110		124,181	(4,456,970) *	14,747,802
Total State Awards									

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

**TOWN OF KEARNY
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

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	\$16,865	\$3,356,142	\$194,113	\$3,567,120
Community Development Grant Fund	142,291			142,291
General Capital Fund	<u>413,591</u>	<u>1,179,855</u>		<u>1,593,446</u>
	<u>\$572,747</u>	<u>\$4,535,997</u>	<u>\$194,113</u>	<u>\$5,302,857</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. ADJUSTMENTS

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

**TOWN OF KEARNY
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)**

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The Town's federal and state loans outstanding at June 30, 2007, 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	\$3,721,997
Trust Loan Program	2,125,000
State of New Jersey Green Acres Bond Act	<u>439,349</u>
	<u>\$6,286,346</u>

**TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

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

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>97.073</u>	<u>Homeland Security Grant</u>
<u>14.219</u>	<u>Community Development Block Grant</u>

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

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**TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007
(continued)**

Section II - Schedule of Financial Statement Findings

None

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

None

STATUS OF PRIOR YEAR FINDINGS

None

TOWN OF KEARNY
GENERAL COMMENTS

Contracts and Agreements Requiring Advertisement for Bid

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

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

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

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

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

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

Water Meters
Road Repairs/Reconstruction
Water Main and Hydrant Upgrades
Emergency Sewer Repairs
Kearny Avenue Streetscape Phase IV

Sewer Separation and Netting
Elevator Inspections
Janitorial Services
Traffic Signal Maintenance

TOWN OF KEARNY

GENERAL COMMENTS, (continued)

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 2, 2007 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

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

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

TOWN OF KEARNY
GENERAL COMMENTS, (continued)

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 1, 2006 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2007	16
2006	16
2005	13

Verification of Delinquent Taxes and Other Charges

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

The results of the test, which was made as of June 30, 2007, is not yet known, but a separate report will be rendered if any irregularities were developed.

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

TOWN OF KEARNY

OTHER COMMENTS

Finance/Treasurer

1. That the town does not keep a fixed asset report detailing additions and deletions.
2. That not all required employees filed their state financial disclosure forms.
3. The official minute book was not completed through the end of the fiscal year.
4. That both the Net Payroll and the Payroll Agency accounts are carrying outstanding checks over one year old as reconciling items.
5. That 1099's are not being issued to all eligible vendors.

Fire Department

1. That the Fire Department does not turn cash receipts over to the Treasurer on a monthly basis.

Municipal Court

1. That cash bail on account does not agree with the reconciled bail balance.
2. That there were two traffic tickets that were issued prior to being assigned.
3. That there are 205 tickets assigned but not issued that are over 180 days old.
4. That there are 144 tickets eligible for dismissal.

RECOMMENDATIONS

Finance/Treasurer

- 1.* That the town keeps a fixed asset report detailing additions and deletions.
- 2.* That all required employees file a state financial disclosure form.
3. That the official minute book be kept up to date.
4. That outstanding checks that are over one year old be cancelled by resolution.
5. That all vendors eligible to receive a 1099 are issued one.

Fire Department

1. That the Fire Department turn cash receipts over to the Treasurer on a monthly basis.

Municipal Court

- 1.* That cash bail on account agrees with the reconciled bail balance.
- 2.* That all traffic tickets be assigned prior to being issued.
- 3.* That tickets that are assigned but not issued that are over 180 days old be recalled.
4. That all tickets eligible for dismissal be reviewed and dismissed in a timely manner.

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. Wielkötz
Registered Municipal Accountant
No. CR00413



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

January 14, 2008