

TOWN OF KEARNY
Financial Statements With
Supplementary Information
December 31, 2013
(With Independent Auditors' Reports Thereon)

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF KEARNY
TABLE OF CONTENTS

PART I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	 <u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Regulatory Basis	5
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	7
A-2	Statement of Revenues - Regulatory Basis	8
A-3	Statement of Expenditures - Regulatory Basis	11
	 <u>TRUST FUNDS</u>	
B	Comparative Balance Sheet - Regulatory Basis	19
	 <u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Regulatory Basis	21
C-1	Statement of Changes in Fund Balance - Regulatory Basis	22
	 <u>WATER UTILITY FUND</u>	
D	Comparative Balance Sheet - Regulatory Basis	23
D-1	Statement of Operations and Changes in Fund Balance - Regulatory Basis	25
D-2	Schedule of Fund Balance - Regulatory Basis	26
D-3	Statement of Revenues - Regulatory Basis	27
D-4	Statement of Expenditures - Regulatory Basis	28
	 <u>PUBLIC ASSISTANCE TRUST FUND</u>	
E	Comparative Balance Sheets - Regulatory Basis	29
	 <u>PAYROLL ACCOUNT</u>	
F	Comparative Balance Sheet - Regulatory Basis	30
	 <u>GENERAL FIXED ASSETS ACCOUNT GROUP</u>	
G	Statement of General Fixed Assets - Regulatory Basis	31
	Notes to Financial Statements	32
	Supplementary Data and Schedules	55

TOWN OF KEARNY

TABLE OF CONTENTS
(continued)

<u>Exhibit</u>		<u>Page</u>
	<u>SUPPLEMENTARY SCHEDULES</u>	
	<u>CURRENT FUND</u>	
A-4	Cash Receipts and Disbursements - Treasurer	58
A-5	Schedule of Cash - Change Fund	59
A-6	Schedule of Cash - Petty Cash	59
A-7	Schedule of Amount Due from/(to) State of New Jersey for Senior Citizens' and Veterans' Deductions - Ch. 129 P.L. 1976	60
A-8	Schedule of Taxes Receivable and Analysis of Property Tax Levy	61
A-9	Schedule of Tax Title Liens Receivable	62
A-10	Schedule of Property Acquired for Taxes	62
A-11	Schedule of Revenue Accounts Receivable	63
A-12	Schedule of Grants Receivable	64
A-13	Schedule of Appropriation Reserves	66
A-14	Schedule of Reserve for Library Expenditures - State Aid	68
A-15	Schedule of Tax Overpayments	69
A-16	Schedule of Interfunds Due from/(to) Various Funds	70
A-17	Schedule of County Taxes Payable	71
A-18	Schedule of Local District School Taxes Payable	71
A-19	Schedule of Prepaid Taxes	72
A-20	Schedule of Due to State - DCA Fees	73
A-21	Schedule of Reserve for Due to Library	74
A-22	Schedule of Appropriated Reserves for Grants	75
A-23	Schedule of Due from State of New Jersey - State Aid	77
A-24	Schedule of Reserve for Encumbrances	78
A-25	Schedule of Reserve for Urban Enterprise Zone	78
A-26	Schedule of Deferred Charges N.J.S.A. 40A:4-53, Special Emergency Authorization	79
A-27	Schedule of Special Emergency Notes Payable	80
A-28	Schedule of Tax Anticipation Notes	81
	<u>TRUST FUND</u>	
B-1	Schedule of Cash	82
B-2	Schedule of Due to State of New Jersey	83
B-3	Schedule of Community Development Receivables	84
B-4	Schedule of Reserve for Animal Trust Fund Expenditures	85

TOWN OF KEARNY

TABLE OF CONTENTS
(continued)

<u>Exhibit</u>		<u>Page</u>
	<u>TRUST FUND (continued)</u>	
B-5	Schedule of Reserves	86
B-6	Schedule of Reserve for Community Development Block Grants	87
B-7	Schedule of Reserve for Urban Development Action Grant Trust Fund	88
B-8	Schedule of Interfunds Due from/(to) Various Funds - Other Trust Fund	89
B-9	Schedule of Intrafunds Due from/to Various Trust Funds- Other Trust Fund	90
	<u>GENERAL CAPITAL FUND</u>	
C-2	Schedule of Cash	91
C-3	Analysis of Cash	92
C-4	Schedule of Grants Receivable	93
C-5	Schedule of Loans Receivable	94
C-6	Schedule of Deferred Charges to Future Taxation - Funded	95
C-7	Schedule of Deferred Charges to Future Taxation - Unfunded	96
C-8	Schedule of General Serial Bonds Payable	98
C-9	Schedule of New Jersey Wastewater Loan Payable	100
C-10	Schedule of Green Acres Trust Loans Payable	103
C-11	Schedule of Improvement Authorizations	107
C-12	Schedule of Reserve for Payment of Debt	108
C-13	Schedule of Capital Improvement Fund	109
C-14	Schedule of Bond Anticipation Notes Payable	110
C-15	Schedule of Bonds and Notes Authorized But Not Issued	111
	<u>WATER UTILITY FUND</u>	
D-5	Schedule of Cash - Treasurer	112
D-6	Analysis of Cash	113
D-7	Schedule of Consumers' Accounts Receivable - Operating Fund	114
D-8	Schedule of 2012 Appropriation Reserves	115
D-9	Schedule of Loans Receivable	116
D-10	Schedule of Fixed Capital	117
D-11	Schedule of Fixed Capital Authorized and Uncompleted	118
D-12	Schedule of Accrued Interest on Bonds and Notes	119
D-13	Schedule of Improvement Authorizations	120

TOWN OF KEARNY

TABLE OF CONTENTS
(continued)

<u>Exhibit</u>		<u>Page</u>
	<u>WATER UTILITY FUND (continued)</u>	
D-14	Schedule of Capital Improvement Fund	121
D-15	Schedule of Reserve for Amortization	121
D-16	Schedule of Reserve for Payment of Debt, Ord. 2010-05	122
D-17	Schedule of Water Utility Serial Bonds	123
D-18	Schedule of New Jersey Wastewater Loan Payable	124
D-19	Schedule of Bond Anticipation Notes Payable	127
D-20	Schedule of Bonds and Notes Authorized But Not Issued	128
	<u>PUBLIC ASSISTANCE TRUST FUND</u>	
E-1	Schedule of Cash	129
E-2	Schedule of Reserve for Public Assistance Expenditures	129
	<u>PART II</u>	
	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	130
	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal and State Program and Internal Control with OMB Circular A-133 and N.J. OMB Circular 04-04 as amended	132
	Schedule of Expenditures of Federal Awards	135
	Schedule of Expenditures of State Financial Assistance	139
	Notes to the Schedules of Expenditures of Federal and State Awards	143
	Schedule of Findings and Questioned Costs	145
	General Comments	148
	Other Comments	152
	Recommendations	153
	Status of Prior Year Audit Findings/Recommendations	155

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Town of Kearny in the County of Hudson, as of December 31, 2013 and 2012, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Town of Kearny as of December 31, 2013 and 2012, or changes in financial position for the years then ended.



Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2013 and 2012, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2013 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information


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

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


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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2014 on our consideration of the Town of Kearny's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Kearny's internal control over financial reporting and compliance.



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



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

August 20, 2014

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2013 and 2012

	<u>Ref.</u>	Dec. 31, <u>2013</u>	Dec. 31, <u>2012</u>
<u>Assets</u>			
Regular Fund:			
Current Assets:			
Cash - Operating Accounts	A-4	\$ 7,870,520	9,723,527
Cash - Change Fund	A-5	800	800
		<u>7,871,320</u>	<u>9,724,327</u>
Due from State of New Jersey per			
Ch. 129, P.L. 1976	A-7	6,196	2,931
State Aid	A-23	<u>6,718,237</u>	<u>6,608,247</u>
		<u>6,724,433</u>	<u>6,611,178</u>
		<u>14,595,753</u>	<u>16,335,505</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-8	1,534,020	2,120,827
Tax Title Liens	A-9	6,182,163	5,880,630
Property Acquired for Taxes -			
Assessed Valuation	A-10	2,943,200	2,943,200
Revenue Accounts Receivable	A-11	70,314	73,335
Interfunds Receivable:			
Escrow Trust Fund	A-16	959	775
TTL Premium Trust Fund	A-16		<u>14,000</u>
		<u>10,730,656</u>	<u>11,032,767</u>
Deferred Charges:			
Special Emergency Authorization	A-26	<u>1,480,000</u>	<u>1,100,000</u>
		<u>1,480,000</u>	<u>1,100,000</u>
		<u>26,806,409</u>	<u>28,468,272</u>
Federal and State Grant Fund:			
Cash - Operating Accounts	A-4	3,517,393	3,274,490
Grants Receivable	A-12	<u>2,395,761</u>	<u>3,191,893</u>
		<u>5,913,154</u>	<u>6,466,383</u>
		<u>\$ 32,719,563</u>	<u>34,934,655</u>

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2013 and 2012

	<u>Ref.</u>	<u>Dec. 31,</u> <u>2013</u>	<u>Dec. 31,</u> <u>2012</u>
Liabilities, Reserves and Fund Balance			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3/A-13	\$ 1,001,278	314,100
Unencumbered	A-3/A-13	234,602	213,000
Reserve for:			
Maintenance of Free Public Library w/ State Aid	A-14	73,752	92,822
Tax Overpayments	A-15	159,384	148,484
Due to Library	A-21	295,300	300,044
County Taxes Payable	A-17		74,826
Prepaid Taxes	A-19	414,464	353,338
Interfunds Payable	A-16	1,736	1,066
Special Emergency Note Payable	A-27	1,480,000	1,100,000
Tax Anticipation Note Payable	A-28	10,000,000	10,000,000
		<u>13,660,516</u>	<u>12,597,680</u>
Reserve for Receivables	Contra	10,730,656	11,032,767
Fund Balance	A-1	<u>2,415,237</u>	<u>4,837,825</u>
		<u>26,806,409</u>	<u>28,468,272</u>
Federal and State Grant Fund			
Reserve for:			
Encumbrances	A-24	426,657	792,950
Appropriated Grants	A-24	2,112,980	2,000,741
Urban Enterprise Zone	A-25	<u>3,373,517</u>	<u>3,672,692</u>
		<u>5,913,154</u>	<u>6,466,383</u>
		<u>\$ 32,719,563</u>	<u>34,934,655</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

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

Current Fund

For the Years Ended December 31, 2013 and 2012

	2013	2012
Revenues and Other Income:		
Fund Balance Utilized	\$ 4,800,000	5,000,000
Miscellaneous Revenue Anticipated	30,338,929	31,307,934
Receipts from Delinquent Taxes	2,126,941	1,689,180
Receipts from Current Taxes	102,467,678	100,232,936
Non-Budget Revenue	1,123,298	1,115,583
Other Credits to Income:		
Grants Canceled	309,296	1,528,217
Prior Years Interfunds Returned	14,000	86,985
Liabilities Cancelled	363	
Unexpended Balance of Appropriation Reserves	98,265	338,788
Total Revenues and Other Income	141,278,770	141,299,623
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	29,167,000	31,306,000
Other Expenses	27,926,849	27,309,759
Capital Improvement Fund	194,010	
Municipal Debt Service	8,687,176	7,512,271
Deferred Charges	670,000	441,587
Statutory Expenditures	7,477,294	7,024,367
	74,122,329	73,593,984
Prior Year Tax Court Judgements	694,275	
Grants Receivable Canceled	309,296	1,528,217
Reimbursement of Expenses	1,736	
Prior Year Revenue Refunded	1,690	1,750
Senior Citizen and Veteran Deductions Disallowed - State Audit	6,000	
County Taxes	17,753,786	18,024,912
Local District School Tax	46,612,246	45,931,505
Total Expenditures	139,501,358	139,080,368
Excess (Deficit) Revenue Over Expenditures	1,777,412	2,219,255
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which Are By Statute Deferred Charges to Budget of Succeeding Year	600,000	1,100,000
Statutory Excess to Fund Balance	2,377,412	3,319,255
Fund Balance, January 1,	4,837,825	6,518,570
	7,215,237	9,837,825
Decreased by:		
Fund Balance Utilized as Budget Revenue	4,800,000	5,000,000
Fund Balance, December 31,	\$ 2,415,237	4,837,825

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 4,800,000	4,800,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	\$ 51,000	50,780	(220)
Other	87,000	100,564	13,564
Fees and Permits	159,000	166,652	7,652
Fines and Costs:			
Municipal Court	982,000	961,020	(20,980)
Interest and Costs on Taxes	407,000	382,395	(24,605)
Parking Meters	221,000	237,683	16,683
Interest on Investments and Deposits	60,000	103,265	43,265
Hackensack Meadowlands Development Corporation - Tax Sharing	3,879,713	3,879,674	(39)
Hartz Mountain Lease Agreement	122,000	122,736	736
Energy Receipts Tax	18,465,489	18,465,489	
Uniform Construction Code Fees	500,000	488,434	(11,566)
State and Federal Revenues Offset w/ Appropriations:			
UEZ Administration - FY2014	95,983	95,983	
UEZ Marketing & Zone Promotion Program IV	73,750	73,750	
UEZ Sidewalk Sweeper	40,000	40,000	
UEZ Marketing & Zone Promotion Program IV	40,000	40,000	
UEZ Marketing & Zone Promotion Program V	110,000	110,000	
UEZ Clean Project Year 5	144,000	144,000	
UEZ Public Safety Year 5 Project	212,137	212,137	
2013 Municipal Alliance	61,062	61,062	
FY11 Port Security Grant	297,000	297,000	
Hudson County Open Space - Kearny Library Garden	100,000	100,000	
2013 NJ Community Forestry Grant	3,000	3,000	
2013 Clean Communities Grant	51,137	51,137	
FY12 Port Security Grant	21,800	21,800	
2013 Office on Aging Grant	50,000	50,000	
2012 Alcohol Education and Rehabilitation	158	158	
Riverbank Park Bike Trail	121,567	121,567	
2013 Drive Sober or Get Pulled Over (Labor Day)	4,400	4,400	
FY2014 Pedestrian Safety, Education and Enforcement	12,000	12,000	
Riverbank Park Bike Trail - DOT	122,790	122,790	
FY2013 Federal Bulletproof Vest Partnership Program	8,892	8,892	
FY12 Emergency Assistance Grant	10,000	10,000	
2011 Recycling Tonnage Grant	59,181	59,181	
2013 Drive Sober or Get Pulled Over (Holiday)	4,400	4,400	
2013 Body Armor Replacement Fund	11,688	11,688	

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Other Special Items:			
Uniform Fire Safety Act	103,000	111,752	8,752
Kearny Municipal Utilities Authority Sludge Removal	860,000	860,000	
Franchise Feds - Comcast & Verizon	354,000	354,384	384
Recycling Revenue	199,000	208,527	9,527
Police Private Duty Administrative Fees	119,000	88,380	(30,620)
PVSC User Fees	10,000	13,489	3,489
Clean Earth	38,000	83,105	45,105
General Capital Surplus	29,601	29,602	1
Reserve for Payment of Debt	254,205	254,205	
New Jersey Meadowlands Lease Agreements	1,034,000	1,343,677	309,677
PILOT Payments	69,000	65,745	(3,255)
Federal and State Reimbursement - Emergency	180,012	312,426	132,414
Total Miscellaneous Revenues	29,838,965	30,338,929	499,964
Receipts from Delinquent Taxes	1,700,000	2,126,941	426,941
Subtotal General Revenues	36,338,965	37,265,870	926,905
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	39,616,862	40,526,646	909,784
Budget Totals	75,955,827	77,792,516	1,836,689
Non-Budget Revenue		1,123,298	1,123,298
	<u>\$ 75,955,827</u>	<u>78,915,814</u>	<u>2,959,987</u>
Adopted Budget	74,792,727		
Added by N.J.S.A. 40A:4-87	1,163,100		
	<u>\$ 75,955,827</u>		

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

Current Fund

Year Ended December 31, 2013

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 102,467,678
Allocated to County of Hudson	\$ 17,753,786
Local School District	<u>46,612,246</u>
	<u>64,366,032</u>
Balance for Support of Municipal Budget Appropriations	38,101,646
Add : Appropriation - Reserve for Uncollected Taxes	<u>2,425,000</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 40,526,646</u>
Receipts from Delinquent Taxes:	
Delinquent Taxes	2,088,426
Tax Title Liens	<u>38,515</u>
	<u>\$ 2,126,941</u>

Analysis of Non-budget Revenues

Miscellaneous Revenue Not Anticipated

County and State Reimbursements	\$ 2,815
Billboards	30,000
Redevelopment Fees	225,000
NJMC Solar Project	20,000
Access Agreement - Occidental Chemical	10,500
Response Calls - NJ Turnpike Authority	1,880
Auction and Sale of Assets	122,613
Motor Vehicle Inspection Fines	600
Insurance and Worker's Comp Reimbursement	612,473
Rentals and Lease	2,370
NSF Bounced Check Fees	380
Tax Sale Costs	5,916
Senior Citizen/Veteran Deductions - Administrative Fees	3,030
Marriage and Civil Union Ceremony Fees	3,620
Premium on Tax and Emergency Notes	47,088
Unclaimed Bail	3,685
Refunds	725
Miscellaneous and Other	<u>30,603</u>
	<u>\$ 1,123,298</u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<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	\$ 120,000	123,500	123,266	234	
Other Expenses	60,000	52,500	51,389	1,111	
Mayor and Council					
Salaries and Wages	107,000	108,500	108,042	458	
Other Expenses	5,000	1,500	1,060	440	
Town Clerk					
Salaries and Wages	198,000	195,500	195,339	161	
Other Expenses	25,000	25,000	24,888	112	
Elections:					
Salaries and Wages	5,000	8,000	7,367	633	
Other Expenses	30,000	30,000	29,414	586	
Legal:					
Other Expenses	650,000	540,000	530,430	9,570	
Auditor:					
Other Expenses	71,000	65,000	65,000		
Engineering:					
Other Expenses	120,000	128,000	127,860	140	
Insurance:					
Life Insurance for Employees	55,000	55,000	54,964	36	
Employee Hospitalization	10,665,000	10,275,000	10,274,651	349	
Other Insurance	30,000	25,500	25,312	188	
Dedicated Insurance Fund	1,310,000	1,341,000	1,315,335	25,665	
Municipal Court					
Salaries and Wages	430,000	421,000	420,850	150	
Other Expenses	30,000	34,000	33,850	150	
Prosecutor	50,000	45,000	41,750	3,250	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Public Defender:					
Other Expenses	30,000	25,000	23,812	1,188	
Financial Administration:					
Treasurer:					
Salaries and Wages	315,000	297,000	296,664	336	
Other Expenses	225,000	277,500	277,483	17	
Assessment of Taxes:					
Salaries and Wages	70,000	59,500	59,281	219	
Other Expenses	60,000	82,000	81,553	447	
Collection of Taxes:					
Salaries and Wages	108,000	107,000	106,738	262	
Other Expenses	15,000	14,000	13,996	4	
Public Safety:					
Police:					
Salaries and Wages	14,220,000	14,312,500	14,309,778	2,722	
Other Expenses	350,000	418,000	412,115	5,885	
Uniform Fire Safety Act: (P.L. 1983 Chap. 383)					
Fire:					
Salaries and Wages	9,655,000	10,103,500	10,103,231	269	
Other Expenses	175,000	232,000	231,991	9	
Fire Prevention					
Salaries and Wages	131,000	164,000	163,816	184	
Health and Welfare					
Board of Health					
Salaries and Wages	370,000	319,000	318,658	342	
Other Expenses	50,000	45,000	44,004	996	
Intercounty Council on Drugs	6,000	6,000		6,000	
Board of Health-Contractual agreement	80,000	75,000	74,671	329	
Other Expenses	35,000	34,000	33,716	284	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Animal License					
Other Expenses	75,000	75,000	75,000		
Shelter Workshop for Handicapped	22,000	22,000	22,000		
Department of Public Works					
Streets and Roads:					
Salaries and Wages					
Other Expenses	1,200,000	1,145,500	1,145,254	246	
Pump Maintenance- North Arlington	375,000	455,000	450,223	4,777	
Shade Tree:	10,000	10,000	531	9,469	
Salaries and Wages					
Other Expenses	613,000	597,000	596,912	88	
Public Buildings and Grounds:	275,000	242,000	238,809	3,191	
Salaries and Wages					
Other Expenses	178,000	178,000	177,946	54	
Vehicle Maintenance:	400,000	420,000	419,757	243	
Salaries and Wages					
Other Expenses	215,000	213,500	213,139	361	
Recreation and Parks:	175,000	209,500	197,525	11,975	
Recreation:					
Unified Recreation Committee					
Other Expenses	153,000	101,000	100,979	21	
Parks and Playgrounds:	60,000	60,000	59,724	276	
Other Expenses:					
Celebration of Public Events:	45,000	45,000	44,531	469	
Other Expenses:					
Senior Citizen Center	35,000	31,000	30,535	465	
Salaries and Wages					
Other Expenses	170,000	168,500	168,387	113	
	15,000	11,500	11,197	303	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Construction Code Enforcement					
Salaries and Wages	480,000	488,500	488,171	329	
Other Expenses	45,000	35,000	32,951	2,049	
Zoning Commission					
Salaries and Wages	3,000	3,000	3,000		
Other Expenses	20,000	20,000	14,924	5,076	
Board of Appeals					
Salaries and Wages	1,000				
Other Expenses	2,500				
Planning Board					
Salaries and Wages	3,000	3,000	2,799	201	
Other Expenses	20,000	25,000	24,460	540	
Parking Lot Lease Payment	56,000	46,000	45,356	644	
Annual League Conventions	1,783	783	365	418	
Management Information					
Salaries and Wages	50,000	50,000	49,344	656	
Other Expenses	125,000	140,000	139,948	52	
Unclassified:					
Electricity and Gas	475,000	357,000	355,205	1,795	
Street Lighting	675,000	693,000	691,872	1,128	
Communications	300,000	295,000	291,217	3,783	
Gasoline	375,000	375,000	372,665	2,335	
Postage	50,000	50,000	49,595	405	
North Hudson Community Action Council	10,000	10,000	10,000		
Landfill and Solid Waste Disposal Costs					
Garbage and Trash:					
Garbage and Trash Collection	1,350,000	1,350,000	1,350,000		
Garbage and Trash Disposal	1,900,000	1,757,000	1,747,603	9,397	
Accumulated Sick/Terminal Pay		600,000	600,000		
Total Operations within "CAPS"	49,814,283	50,327,783	50,204,198	123,585	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
B. Contingent	2,000	2,000		2,000	
Total Operations Including Contingent-within "CAPS"	49,816,283	50,329,783	50,204,198	125,585	
Detail:					
Salaries & Wages	28,795,000	29,167,000	29,158,961	8,039	
Other Expenses (Including Contingent)	21,021,283	21,162,783	21,045,237	117,546	
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
Deferred Charges					
Anticipated Deficit in Water Utility Budget	450,000	450,000	450,000		
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	879,199	879,199	824,940	54,259	
Social Security System (O.A.S.I.)	819,000	785,500	785,074	426	
Consolidated Police and Firemen's Pension	86,000	86,000	85,814	186	
Police and Firemen's Retirement System	5,631,595	5,631,595	5,631,595		
Unemployment Insurance	190,000	90,000	88,279	1,721	
Defined Contribution Retirement Program	5,000	5,000	3,869	1,131	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	8,060,794	7,927,294	7,869,571	57,723	
Total General Appropriations for Municipal Purposes within "CAPS"	57,877,077	58,257,077	58,073,769	183,308	
Maintenance of Free Public Library (Ch. 82 & 541, P.L. 1985)	1,068,621	1,068,621	1,017,371	51,250	
	4,040,500	4,040,500	4,040,456	44	
Total Other Operations - Excluded from "CAPS"	5,109,121	5,109,121	5,057,827	51,294	

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public and Private Programs Offset by Revenues					
NJDOT Riverbank Park Bike Trail	122,790	122,790	122,790		
NJDOT Riverbank Park Bike Trail	121,567	121,567	121,567		
Clean Communities	51,137	51,137	51,137		
Municipal Alliance	20,354	20,354	20,354		
Municipal Alliance 2014	40,708	40,708	40,708		
Port Security Grant - Fire	21,800	21,800	21,800		
Pedestrian Safety Grant	12,000	12,000	12,000		
UEZ - Sidewalk Sweeper	40,000	40,000	40,000		
Public and Private Programs Offset by Revenues (Cont...)					
Office of Aging Grant	50,000	50,000	50,000		
Alcohol Education Rehabilitation Grant	158	158	158		
Emergency Management Assistance Grant	10,000	10,000	10,000		
Drive Sober or Get Pulled Over Grant	4,400	4,400	4,400		
Drive Sober or Get Pulled Over Grant	4,400	4,400	4,400		
Bullet Proof Vest Partnership	8,892	8,892	8,892		
NJ Community Forestry Grant	3,000	3,000	3,000		
Hudson County Open Space Grant- Library Garden	100,000	100,000	100,000		
Body Armor Grant	11,688	11,688	11,688		
Port Security Grant - Fire	297,000	297,000	297,000		
Recycling Tonnage Grant	59,181	59,181	59,181		
UEZ FY-2014 Administrative Budget	95,983	95,983	95,983		
UEZ Marketing and Promotion IV	73,750	73,750	73,750		
UEZ Marketing and Promotion IV	40,000	40,000	40,000		
UEZ Marketing and Promotion V	110,000	110,000	110,000		
UEZ Clean Project Year 5	144,000	144,000	144,000		
UEZ Public Safety Project Year 5	212,137	212,137	212,137		
Total Public and Private Programs Offset by Revenues	1,654,945	1,654,945	1,654,945		

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total Operations-Excluded from "CAPS"	6,764,066	6,764,066	6,712,772	51,294	
Detail:					
Salaries and Wages					
Other Expenses	6,764,066	6,764,066	6,712,772	51,294	
Capital Improvements-"Excluded from CAPS"					
Capital Improvement Fund	194,010	194,010	194,010		
Total Capital Improvements-"Excluded from CAPS"	194,010	194,010	194,010		
Municipal Debt Service - Excluded from "CAPS"					
Green Trust Loan Program	82,782	83,782	83,761		21
Loan Repayments for Principal and Interest					
N.J. Wastewater Treatment Trust					
Loan Repayments for Principal and Interest	729,926	729,926	721,835		8,091
Payment of Bond Principal	5,531,000	5,531,000	5,531,000		
Payment of Bond Anticipation Notes and Capital Notes	627,000	803,400	803,080		320
Interest on Bonds	1,227,966	1,227,966	1,227,966		
Interest on Notes	277,000	319,600	319,534		66
Total Municipal Debt Service-Excluded from "CAPS"	8,475,674	8,695,674	8,687,176		8,498
DEFERRED CHARGES:					
Emergency Authorizations	220,000	220,000	220,000		
Total Deferred Charges - Municipal - Excluded from "CAPS"	220,000	220,000	220,000		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	15,653,750	15,873,750	15,813,958	51,294	8,498

TOWN OF KEARNY, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Subtotal General Appropriations	73,530,827	74,130,827	73,887,727	234,602	8,498
Reserve for Uncollected Taxes	<u>2,425,000</u>	<u>2,425,000</u>	<u>2,425,000</u>		
Total General Appropriations	<u>\$ 75,955,827</u>	<u>76,555,827</u>	<u>76,312,727</u>	<u>234,602</u>	<u>8,498</u>
Adopted Budget		74,792,727			
Emergency Appropriations		600,000			
Added by N.J.S.A. 40A:4-87		<u>1,163,100</u>			
		<u>\$ 76,555,827</u>			
Reserve for Uncollected Taxes			2,425,000		
Grants			1,654,945		
Encumbrances			1,001,278		
Deferred Charges			220,000		
Cash			<u>71,011,504</u>		
			<u>\$ 76,312,727</u>		

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2013 and December 31, 2012

	<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Animal Trust Fund:				
Cash		B-1	<u>21,027</u>	<u>12,336</u>
			<u>21,027</u>	<u>12,336</u>
Other Trust Funds:				
Cash		B-1	3,353,127	2,779,695
Intrafund Accounts Receivable				
Due from Escrow Trust Fund		B-9	216,871	216,871
Interfund Accounts Receivable		B-8	<u>1,736</u>	<u>1,066</u>
			<u>3,571,734</u>	<u>2,997,632</u>
Community Development Trust Fund:				
Community Development Grants Receivable		B-3	<u>1,132,119</u>	<u>737,119</u>
			<u>1,132,119</u>	<u>737,119</u>
Urban Development Action Grant Trust Fund:				
Cash		B-1	986,638	1,018,382
Intrafund Accounts Receivable:				
Community Development Trust Fund		B-9	<u>47,254</u>	<u>15,510</u>
			<u>1,033,892</u>	<u>1,033,892</u>
			<u>\$ 5,758,772</u>	<u>4,780,979</u>

TOWN OF KEARNY, N.J.
Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2013 and December 31, 2012

<u>Liabilities, Reserves & Fund Balance</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Animal Trust Fund:			
Due to State of New Jersey	B-2	19	6
Reserve for Animal Control Expenditures	B-4	<u>21,008</u>	<u>12,330</u>
		<u>21,027</u>	<u>12,336</u>
Other Trust Fund:			
Reserves for:			
Other Expenditures	B-5	3,353,904	2,765,986
Interfund Accounts Payable:			
Due to Current Fund	B-8	959	14,775
Intrafund Accounts Payable:			
Due to Affordable Housing Trust Fund	B-9	98,357	98,357
Due to Other Trust Fund	B-9	<u>118,514</u>	<u>118,514</u>
		<u>3,571,734</u>	<u>2,997,632</u>
Community Development Trust Fund:			
Intrafund Accounts Payable:			
Due to Urban Development Action Grant Trust Fund	B-9	47,254	15,510
Reserve for Community Development Block Grants	B-6	<u>1,084,865</u>	<u>721,609</u>
		<u>1,132,119</u>	<u>737,119</u>
Urban Development Action Grant Trust Fund:			
Reserve for Urban Development Action Grants	B-7	<u>1,033,892</u>	<u>1,033,892</u>
		<u>\$ 5,758,772</u>	<u>4,780,979</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2013 and 2012

	<u>Ref.</u>	<u>Dec. 31,</u> <u>2013</u>	<u>Dec. 31,</u> <u>2012</u>
<u>Assets</u>			
Cash - Checking Accounts	C-2/C-3	\$ 3,689,960	1,274,822
Accounts Receivable:			
Department of Transportation Grants	C-4	658,660	705,337
Green Acres Grants	C-4		500,000
Loans Receivable:			
Environmental Infrastructure Loans	C-5	858,918	858,918
Deferred Charges to Future Taxation:			
Funded	C-6	35,315,095	41,526,863
Unfunded	C-7	<u>14,004,067</u>	<u>12,427,477</u>
		\$ <u>54,526,700</u>	<u>57,293,417</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	27,134,000	32,665,000
Bond Anticipation Notes Payable	C-14	14,024,377	9,550,000
New Jersey Wastewater Loan Payable	C-10	6,981,329	7,599,875
Green Acres Trust Loan Payable	C-11	1,199,766	1,261,988
Improvement Authorizations:			
Funded	C-11	424,705	347,284
Unfunded	C-11	4,674,826	5,579,516
Capital Improvement Fund	C-13	24,937	5,947
Reserve for Payment of Debt	C-12		254,205
Fund Balance	C-1	<u>62,760</u>	<u>29,602</u>
		\$ <u>54,526,700</u>	<u>57,293,417</u>

There were \$3,503,977 and \$0 of Bonds and Notes Authorized but Not Issued on December 31, 2012 and December 31, 2013 respectively (Exhibit C-15).

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31, 2013

	<u>2013</u>	<u>2012</u>
Balance, December 31, 2012	\$ 29,602	463,092
Increased by:		
Cancelled Improvement Authorizations	4,616	
Bond Anticipation Note Premium	<u>58,144</u>	<u>26,510</u>
	92,362	489,602
Decreased by Disbursements:		
Appropriated as Budget Revenue	<u>29,602</u>	<u>460,000</u>
Balance, December 31, 2013	\$ <u><u>62,760</u></u>	<u><u>29,602</u></u>

See accompanying notes to the financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 78,391	265,583
Overexpenditure of Appropriations	D-4	64,507	
Deficit in Operations	D-1	40,386	
		<u>183,284</u>	<u>265,583</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-7	766,390	953,113
		<u>766,390</u>	<u>953,113</u>
Total Water Utility Operating Fund		<u>949,674</u>	<u>1,218,696</u>
Capital Fund:			
Cash - Treasurer	D-5,D-6	1,776,397	2,002,074
Loans Receivable			
Environmental Infrastructure Loans	D-9	389,551	1,384,240
Fixed Capital	D-10	28,355,425	24,651,385
Fixed Capital Authorized and Uncompleted	D-11	2,635,573	7,000,000
Total Capital Fund		<u>33,156,946</u>	<u>35,037,699</u>
		<u>\$ 34,106,620</u>	<u>36,256,395</u>

TOWN OF KEARNY, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-8	15,689	96,783
Reserve for Encumbrances	D-4	47,267	6,862
Accrued Interest on Bonds and Notes	D-12	120,328	161,938
		183,284	265,583
Reserve for Receivables	Contra	766,390	953,113
Total Water Utility Operating Fund		949,674	1,218,696
Capital Fund:			
Serial Bonds Payable	D-17	6,173,000	6,498,000
NJ Environmental Infrastructure Loan Payable	D-18	1,636,586	2,175,248
Bond Anticipation Notes Payable	D-19	6,671,038	6,800,000
Improvement authorization:			
Funded	D-13	349,471	557,667
Unfunded	D-13	1,583,678	2,802,503
Capital Improvement Fund	D-14	57,750	57,750
Reserve for:			
Amortization	D-15	16,404,474	15,833,944
Payment of Debt, Ord. 2010-5	D-16	240,000	293,859
Fund Balance	D-2	40,949	18,728
Total Capital Fund		33,156,946	35,037,699
		\$ 34,106,620	36,256,395

There were \$119,568 and \$344,193 of Bonds and Notes Authorized But Not Issued on December 31, 2013 and December 31, 2012 respectively (Exhibit D-20).

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

Year Ended December 31, 2013 and

	Dec. 31, <u>2013</u>	Dec. 31, <u>2012</u>
Revenue and other income:		
Operating Surplus Anticipated	\$	
Water rents	5,345,444	5,086,605
Water bulk - Nutley & Cedar Grove		479,758
Reserve for Payment of Debt	53,859	
Water Capital Surplus	18,728	95,638
Deficit (General Budget)	450,000	441,587
Miscellaneous Revenue	18,928	7,050
Unexpended balance appropriation reserve	<u>101,310</u>	<u>3,000</u>
Total revenue and other income	<u>5,988,269</u>	<u>6,113,638</u>
Expenditures:		
Operating	5,128,500	5,202,000
Debt service	917,030	731,469
Deferred charges and statutory expenditures	47,632	50,154
Deficit in Operations in Prior Years	<u></u>	<u>130,015</u>
Total expenditures	<u>6,093,162</u>	<u>6,113,638</u>
Deficit in Revenue	(104,893)	
Adjustment to income before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u>64,507</u>	<u></u>
Operating Deficit to be Raised in Budget of Succeeding Year	\$ <u><u>(40,386)</u></u>	<u><u></u></u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

Water Utility Capital Fund

Year Ended December 31, 2013

	<u>2013</u>	<u>2012</u>
Balance, December 31, 2012	\$ 18,728	95,638
Increased by:		
Premium on Bond Anticipation Notes	<u>40,949</u>	<u>18,728</u>
	59,677	114,366
Decreased by:		
Utilized as Budget Revenue - Operating Fund	<u>18,728</u>	<u>95,638</u>
Balance, December 31, 2013	<u>\$ 40,949</u>	<u>18,728</u>

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2013

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Rents	\$ 5,506,500	5,345,444	(161,056)
Utility Capital Surplus	18,728	18,728	
Reserve for Payment of Debt	53,859	53,859	
Miscellaneous		18,928	
Deficit (General Budget)	<u>450,000</u>	<u>450,000</u>	
	<u>\$ 6,029,087</u>	<u>5,886,959</u>	<u>(161,056)</u>

Analysis of Realized Revenue

Rents	\$ 5,345,444
Utility Capital Surplus	18,728
Reserve for Payment of Debt	53,859
Miscellaneous	18,928
Deficit (General Budget)	<u>450,000</u>
	<u>5,886,959</u>

Analysis of Miscellaneous Revenue Not Anticipated

Stand Pipe Permit	236
Prior Year United Water Adjustments	10,785
Hydrant Permit	1,786
Recycling Scrap Metal	1,440
Meter Charge	681
Connection Fee	<u>4,000</u>
	<u>\$ 18,928</u>

See accompanying notes to financial statements.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Twelve Month Period Ended December 31, 2013

See accompanying notes to financial statements.

TOWN OF KEARNY, N.J.

Comparative Balance Sheets-Regulatory Basis

Public Assistance Trust Fund

December 31, 2013 and 2012

	<u>Ref.</u>	Dec. 31, <u>2013</u>	Dec. 31, <u>2012</u>
<u>Assets</u>			
<u>Goodwill Account</u>			
Cash	E-1	\$ <u>26,675</u>	<u>27,650</u>
		\$ <u><u>26,675</u></u>	<u><u>27,650</u></u>
<u>Liabilities</u>			
<u>Goodwill Account</u>			
Reserve for Public Assistance Expenditures	E-2	\$ <u>26,675</u>	<u>27,650</u>
		\$ <u><u>26,675</u></u>	<u><u>27,650</u></u>

See accompanying notes to the financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF KEARNY, N.J.

Comparative Balance Sheets-Regulatory Basis

Payroll Account

December 31, 2013 and 2012

	Dec. 31, <u>2013</u>	Dec. 31, <u>2012</u>
<u>Assets</u>		
Cash	\$ <u>11,182</u>	<u>315,060</u>
	\$ <u><u>11,182</u></u>	<u><u>315,060</u></u>
<u>Liabilities</u>		
Withholdings Payable	\$ 8,409	312,287
Reserve for Net Payroll	<u>2,773</u>	<u>2,773</u>
	\$ <u><u>11,182</u></u>	<u><u>315,060</u></u>

See accompanying notes to the financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF KEARNY, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2013 and 2012

	Dec. 31, <u>2013</u>	Dec. 31, <u>2012</u>
General Fixed Assets:		
Land	\$ 55,925,900	55,925,900
Buildings	7,906,400	7,906,400
Machinery and equipment	<u>11,852,968</u>	<u>10,867,510</u>
	<u>75,685,268</u>	<u>74,699,810</u>
Investment in General Fixed Assets	\$ <u>75,685,268</u>	<u>74,699,810</u>

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

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

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

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

The Town has the following funds and account group:

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

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

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

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

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

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

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

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Town pursuant to Title 44 of New Jersey Statutes. The Town transferred administration of the assistance program to the Hudson County Board of Social Services.

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

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

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

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

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

Basis of Accounting

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

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

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

Basis of Accounting, (continued)

no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

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

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

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

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

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

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

Basis of Accounting, (continued)

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

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

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

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

Basis of Accounting, (continued)

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

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

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

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

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

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

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

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

Basis of Accounting, (continued)

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

No depreciation has been provided for in the financial statements.

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

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

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

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

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

C. Basic Financial Statements

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodian credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2013, \$0- of the Town's bank balance of \$20,840,406 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2013 consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable:					
General Obligation Debt	\$32,665,000	\$	\$5,531,000	\$27,134,000	\$2,160,000
Water Utility Obligation Debt	<u>6,498,000</u>	<u> </u>	<u>325,000</u>	<u>6,173,000</u>	<u>340,000</u>
Total Bonds Payable	<u>39,163,000</u>	<u> </u>	<u>5,856,000</u>	<u>33,307,000</u>	<u>2,500,000</u>
Other Liabilities:					
New Jersey Wastewater Loans - Current	7,599,875		618,546	6,981,329	630,360
New Jersey Wastewater Loans - Water	2,175,248		538,662	1,636,586	116,591
Green Acres Trust Loans	1,261,988		62,222	1,199,766	72,595
Compensated Absences Payable	<u>6,390,367</u>	<u>269,054</u>	<u>610,095</u>	<u>6,049,326</u>	<u>239,323</u>
Total Other Liabilities	<u>17,427,478</u>	<u>269,054</u>	<u>1,829,525</u>	<u>15,867,007</u>	<u>1,058,869</u>
	<u>\$56,590,478</u>	<u>\$269,054</u>	<u>\$7,685,525</u>	<u>\$49,174,007</u>	<u>\$3,558,869</u>

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

The Town's debt is summarized as follows:

	<u>Year Ended Dec. 31, 2013</u>	<u>Year Ended Dec. 31, 2012</u>	<u>Year Ended Dec. 31, 2011</u>
Issued:			
General Bonds, Notes and Loans	\$49,339,472	\$51,076,863	\$52,147,717
Municipal Utility Authority*	17,545,361	16,937,495	17,619,671
Water Utility Bonds, Notes and Loans	<u>14,480,624</u>	<u>15,473,248</u>	<u>13,464,275</u>
Net Debt Issued	<u>81,365,457</u>	<u>83,487,606</u>	<u>83,231,663</u>
Authorized But Not Issued:			
General Bonds and Notes		2,877,477	3,503,977
Water Utility Bonds and Notes	<u>119,568</u>	<u>344,193</u>	<u>1,224,625</u>
Total Authorized But Not Issued	<u>119,568</u>	<u>3,221,670</u>	<u>4,728,602</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$81,485,025</u>	<u>\$86,709,276</u>	<u>\$87,960,265</u>

* Guaranteed by the Town of Kearny

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.909%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$18,525,000	\$18,525,000	\$0
General Debt	66,884,833	17,565,671	49,319,162
Utility Debt	<u>14,600,192</u>	<u>1,476,134</u>	<u>13,124,058</u>
	<u>\$100,010,025</u>	<u>\$37,566,805</u>	<u>\$62,443,220</u>

Net Debt \$62,443,220 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$3,271,107,068 equals 1.909%.

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

3 ½% of equalized valuation basis (municipal)	\$114,488,747
Net Debt	<u>62,443,220</u>
Remaining borrowing power	<u>\$52,045,527</u>

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

Cash receipts from fees, rents or other charges for year		\$5,436,959
Deductions:		
Operating and Maintenance Cost	\$5,176,132	
Debt Service per Water Utility	<u>917,030</u>	
Total Deductions		<u>6,093,162</u>
(Deficit) in Revenue		<u>(\$656,203)</u>

The Water Utility is not Self-Liquidating

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

The Town's long term debt consisted of the following at December 31, 2013:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds - Paid by Current Fund</u>	
\$14,140,000 Refunding Bonds - with an interest rate from 2.00% to 4.25% issued January 15, 2003 through January 15, 2016	\$309,000
\$8,875,000 Pension Refunding Bonds (Taxable) - with an interest rate of 3.28% to 5.92% issued January 15, 2003 through February 1, 2021	4,665,000
\$7,480,000 Refunding Bonds - with an interest rate from 4.5% to 5.00% issued February 1, 2007, due through February 1, 2016	2,970,000
\$8,875,000 Refunding Bonds (Taxable) - with an interest rate from 4.98% to 5.16% issued February 1, 2007, due through February 1, 2016	2,480,000
\$10,305,000 General Improvement Bonds - with an interest rate from 3.50% to 4.00% issued January 15, 2008, due through January 15, 2021	10,080,000
\$7,915,000 Refunding Bonds, Series 2011 - with an interest rate from 2.00% to 3.00% issued August 5, 2011, due through January 15, 2016	5,940,000
\$1,080,000 Fiscal Year Adjustment Refunding Bonds Series 2011 - with an interest rate from 2.00% to 3.00% issued August 5, 2011, due through January 15, 2016	690,000
	<u>\$27,134,000</u>
<u>Green Acres Loan - Paid by Current Fund</u>	
The Town has six outstanding loan agreements with New Jersey Green Acres Bond Act of 1983 for the Harvey Field Project, the Riverbank Park Project, the Gunnel Oval Skateboard Park Project, the Bell Playground Project, the Waterfront Acquisition Project, and the Harvey Field Soccer Improvement Project.	
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	\$120,185
The 2004 Riverbank Park Project Award is at a rate of 2% in the amount of \$250,000 with semi-annual loan payments of various amounts made on February 28 and August 28 through February 28, 2024	146,575
The 2008 Bell Playground Project award is at a rate of 2% in the amount of \$275,000 with semi-annual loan payments of various amounts made on January 9 and July 9 through July 9, 2027	217,114
The 2009 Gunnel Oval Skateboard Park Project award is an interest free loan in the amount of \$138,690 with semi-annual loan payments of \$3,556 made on May 26 and November 26 through November 26, 2028	106,685
The 2012 Waterfront Acquisition Project award is at a rate of 2% in the amount of \$191,500 with semi-annual loan payments of various amounts made on February 17 and August 17 through February 17, 2032	183,382
The 2012 Harvey Field Soccer Improvements Project award is at a rate of 2% in the amount of \$435,000 with semi-annual loan payments of various amounts made on January 9, August 28 and February 28 through August 28, 2032	425,825
	<u>\$1,199,766</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

Wastewater Treatment Loans - Paid by Current Fund

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

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

Water Utility Bonds - Paid by Water Utility Fund

Water and Sewer Utility Serial Bonds

The Town pledges revenue from operations to pay debt service on bonds issued. Water utility bonds outstanding at December 31, 2013 are as follows:

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

Water and Sewer Utility Serial Bonds

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

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

The Town's principal and interest for bonds and loans issued and outstanding as of December 31, 2013 is as follows:

Serial/Refunding Bonds					
<u>Dec.31.</u>	<u>General Capital Debt</u>		<u>Water Utility Capital Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$5,728,000	\$1,011,538	\$340,000	\$248,377	\$7,327,915
2015	6,000,000	765,778	350,000	232,938	7,348,716
2016	4,846,000	553,827	373,000	217,027	5,989,854
2017	2,375,000	414,884	350,000	201,525	3,341,409
2018	1,965,000	310,486	400,000	184,900	2,860,386
2019-2023	6,220,000	387,300	2,350,000	645,000	9,602,300
2024-2027	<u>27,134,000</u>	<u>3,443,813</u>	<u>2,010,000</u>	<u>161,400</u>	<u>2,171,400</u>
	<u>\$27,134,000</u>	<u>\$3,443,813</u>	<u>\$6,173,000</u>	<u>\$1,891,167</u>	<u>\$38,641,980</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

New Jersey Environmental Infrastructure Trust Loans					
<u>Dec.31.</u>	<u>General Capital Fund</u>		<u>Water Utility Capital Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$630,360	\$102,855	\$116,591	\$17,593	\$867,399
2015	642,663	94,375	116,629	16,805	870,472
2016	652,883	84,700	116,681	16,003	870,267
2017	648,130	74,550	116,744	15,190	854,614
2018	671,025	63,625	116,828	14,356	865,834
2019-2023	2,404,054	197,575	527,978	57,655	3,187,262
2024-2028	1,332,214	43,275	354,882	31,038	1,761,409
2029-2031			170,254	3,643	173,897
	<u>\$6,981,329</u>	<u>\$660,955</u>	<u>\$1,636,587</u>	<u>\$172,283</u>	<u>\$9,451,154</u>

Green Acres Trust Loan			
<u>Dec.31.</u>	<u>General Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$72,596	\$21,536	\$94,132
2015	73,912	20,220	94,132
2016	75,255	18,877	94,132
2017	76,625	17,507	94,132
2018	78,022	16,110	94,132
2019-2023	397,338	58,663	456,001
2024-2028	282,472	27,082	309,554
2029-2032	143,547	6,329	149,876
	<u>\$1,199,767</u>	<u>\$186,324</u>	<u>\$1,386,091</u>

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 4. BOND ANTICIPATION NOTES

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

On December 31, 2013, the Town had \$14,024,377 in outstanding General Capital bond anticipation notes; \$13,574,377 due on February 21, 2014 at 1.50% and \$450,000 due on December 19, 2014. The Town also had \$6,671,038 in outstanding Water Utility Capital bond anticipation notes due on February 21, 2014 at 1.50%.

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

NOTE 5. PENSION PLANS

Description of Systems:

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 5. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS)

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

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

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 5. PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

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

Police and Firemens' Retirement System (PFRS)

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

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

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 5. PENSION PLANS, (continued)

Description of Systems, (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.

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2013	\$824,940	\$5,631,595
2012	906,325	5,084,365
2011	828,936	5,992,617

Defined Contribution Retirement Program

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 5. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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

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

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

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

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

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

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

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

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

<u>Year</u>	
December 31, 2013	\$3,869
December 31, 2012	-0-
December 31, 2011	-0-

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 6. ACCUMULATED VACATION AND SICK PAY

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

The estimated accumulated sick time liability as of December 31, 2013 was \$6,049,326.

NOTE 7. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of December 31, 2013:

	Balance <u>Dec.31, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec.31, 2013</u>
Land	\$55,925,900	\$	\$	\$55,925,900
Building	7,906,400			7,906,400
Machinery and Equipment	<u>10,867,510</u>	<u>985,458</u>	<u>0</u>	<u>11,852,968</u>
	<u>\$74,699,810</u>	<u>\$985,458</u>	<u>\$0</u>	<u>\$75,685,268</u>

NOTE 8. DUE TO/FROM OTHER FUNDS

Balances due from/to other funds at December 31, 2013 consist of the following:

\$959	Due to the Current Fund from the Escrow Trust Fund for interest earnings.
1,736	Due to the Tax Redemption Trust Fund from the Current Fund for reimbursement of expenses paid.
<u>47,254</u>	Due to the UDAG Trust Fund from the CDBG Trust Fund for reimbursement of expenses paid.
<u>\$49,949</u>	

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 9. TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec.31, 2013</u>	<u>Balance</u> <u>Dec.31, 2012</u>
Prepaid Taxes	<u>\$414,464</u>	<u>\$353,338</u>
Cash Liability for Taxes Collected in Advance	<u>\$414,464</u>	<u>\$353,338</u>

NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES

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

There are currently 49 tax appeal litigations pending at December 31, 2013. The Borough's tax appeal attorney is rigorously defending the Borough's interest in those appeals which are currently estimated to be \$2,000,000. Any successful appeals would be raised through future taxation.

NOTE 11. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2013 and 2012 which has been appropriated as revenue in the 2014 and 2013 budgets is as follows:

	<u>2014</u>	<u>2013</u>
Current Fund	<u>\$2,400,000</u>	<u>\$4,800,000</u>

NOTE 12. OTHER POST EMPLOYMENT BENEFITS

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 12. OTHER POST EMPLOYMENT BENEFITS, (continued)

Plan Description

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

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

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-july2011.pdf>.

Plan Coverage

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

Funding Policy

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

TOWN OF KEARNY
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 12. OTHER POST EMPLOYMENT BENEFITS, (continued)

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Town of Kearny on a monthly basis. The rates charges by the system for the years ended December 31, 2013 and 2012 were as follows:

The Town of Kearny contributions to SHBP for post-retirement benefits for the years ended December 31, 2013 and 2012 were \$4,496,818 and \$3,940,411, respectively, which equaled the required contribution for each period.

NOTE 13. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheet of the various funds.

	<u>Balance</u> <u>Dec.31, 2013</u>	<u>2014</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance</u> <u>Dec.31, 2013</u>
Current Fund:			
Special Emergency - N.J.S.A. 40A:4-55	<u>\$1,480,000</u>	<u>\$340,000</u>	<u>\$1,140,000</u>
Total Current Fund	<u>\$1,480,000</u>	<u>\$340,000</u>	<u>\$1,140,000</u>
Water Utility Fund:			
Deficit in Operations	40,386	40,386	-0-
Overexpenditure of Appropriations	<u>64,507</u>	<u>64,507</u>	<u>-0-</u>
Total Water Utility Fund	<u>\$104,893</u>	<u>\$104,893</u>	<u>\$ -0-</u>

NOTE 14. SUBSEQUENT EVENTS

The Town has evaluated subsequent events through August 20, 2014, the date which the financial statements were available to be issued and the following was noted for disclosure:

On July 11, 2014, the Town was accepted into the State's Transitional Aid program in the amount of \$2,500,000, which will be utilized in the 2014 budget. Participation in the program requires the Town and State to enter into a memorandum of understanding related to most aspects of the operations of the Town.

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY DATA AND SCHEDULES

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF KEARNY

Supplementary data

Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax rate	<u>9.791</u>	<u>9.618</u>	<u>9.467</u>
Apportionment of tax rate:			
Municipal	3.733	3.603	3.514
County	1.664	1.691	1.630
School	<u>4.394</u>	<u>4.324</u>	<u>4.323</u>

Assessed Value

2013	\$ 1,057,904,400
2012	1,020,167,036
2011	1,060,844,100

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Currently</u> Percentage of Collection
2013	\$ 104,325,094	102,467,678	98.22%
2012	102,174,779	100,232,936	98.10%
2011	100,761,784	98,760,974	98.01%

Delinquent Taxes and Tax Title Liens

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

<u>Dec. 31</u>	<u>Amount of delinquent taxes</u>	<u>Tax title liens</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2013	\$ 1,534,020	6,182,163	7,716,183	7.40%
2012	2,120,827	5,880,630	8,001,457	7.83%
2011	1,687,914	5,621,975	7,309,889	7.25%

TOWN OF KEARNY

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2013 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2013	\$ 2,943,200
2012	2,943,200
2011	2,943,200

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	Dec. 31, 2013	\$ 2,415,237	2,400,000
	Dec. 31, 2012	4,837,825	4,800,000
	Dec. 31, 2011	6,518,570	5,000,000
	Dec. 31, 2010	6,964,313	5,000,000
	Dec. 31, 2009	8,949,654	6,792,348
Water Utility Operating Fund	Dec. 31, 2013		
	Dec. 31, 2012		
	Dec. 31, 2011		
	Dec. 31, 2010	142,531	142,531
	Dec. 31, 2009	142,531	

TOWN OF KEARNY

Supplementary Data

Officials in Office and Surety Bonds

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

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

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

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF KEARNY, N.J.

Cash Receipts and Disbursements -Treasurer

Current Fund

Year Ended December 31, 2013

	Current Fund	Federal and State Grant Fund
Balance, December 31, 2012	\$ 9,723,527	3,274,490
Increased by Receipts:		
Tax Collector	104,039,546	
Miscellaneous Revenue Not Anticipated	1,123,298	
Due From State of New Jersey	151,485	
Petty Cash	1,700	
Tax Title Lien Redemptions	38,515	
Revenue Accounts Receivable	10,218,493	
State and Federal Grants Receivable		2,141,781
Interfunds	14,000	
Reserve for Maintenance of Free Public		
Library with State Aid	17,013	
Tax Overpayments	144,696	
Prepaid Taxes	414,464	
Due to State - DCA Fees	34,075	
State Aid Receivable	18,355,499	
Special Emergency Notes	1,480,000	
Tax Anticipation Notes	10,000,000	
Reserve for Urban Enterprise Zone		157,049
	<u>146,032,784</u>	<u>2,298,830</u>
	155,756,311	5,573,320
Decreased by:		
Current Year Budget Appropriations	71,011,504	
Petty Cash	1,700	
Appropriation Reserves	426,645	
Reserve for Maintenance of Free Public		
Library with State Aid	36,083	
Due to Library	6,934	
Due to State - DCA Fees	34,075	
Interfunds	1,066	
Encumbrances Payable		792,950
Tax Overpayments	819,236	
County Taxes Payable	17,828,612	
Local District School Taxes	46,612,246	
Prior Year Revenues Refund	1,690	
Disallowed Senior Citizen/Veteran Deductions refunded	6,000	
Special Emergency Notes	1,100,000	
Tax Anticipation Note	10,000,000	
Reserve for Urban Enterprise Zone		456,224
Appropriated Reserves for Grants		806,753
	<u>147,885,791</u>	<u>2,055,927</u>
Balance, December 31, 2013	\$ <u>7,870,520</u>	<u>3,517,393</u>

Exhibit A-5

TOWN OF KEARNY, N.J.
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2013

Balance, December 31, 2012	\$ <u>800</u>
Balance, December 31, 2013	\$ <u><u>800</u></u>

Exhibit A-6

Schedule of Cash - Petty Cash
Current Fund
Year Ended December 31, 2013

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

TOWN OF KEARNY, N.J.

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

Current Fund

Year Ended December 31, 2013

Balance, December 31, 2012		\$	2,931
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	34,750	
Veterans' Deductions Per Tax Billing		<u>126,000</u>	
			<u>160,750</u>
			163,681
Decreased by:			
Senior Citizen Deductions Disallowed - State Audit		6,000	
State Share of Senior Citizens and Veteran Deductions Received in Cash		<u>151,485</u>	
			<u>157,485</u>
Balance, December 31, 2013		\$	<u><u>6,196</u></u>

TOWN OF KEARNY, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2013

Year	Balance, Dec. 31, 2012	Levy	2012 Collected	2013	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2013
2008	1,841			1,841				
2009	7,515			7,515				
2010	7,704			7,704				
2011	7,956			7,956				
2012	2,095,811	6,084		2,063,410		28,755		9,730
	2,120,827	6,084		2,088,426		28,755		9,730
2013		104,325,094	353,338	101,959,590	154,750	286,886	46,240	1,524,290
	\$ 2,120,827	104,331,178	353,338	104,048,016	154,750	315,641	46,240	1,534,020

Overpayments Applied 8,472
Cash Receipts 104,039,546
\$ 104,048,018

Analysis of Tax Levy

Tax yield:
General Purpose Tax \$ 103,880,027
Added/Omitted Taxes 445,067
\$ 104,325,094

Tax Levy:
Local District School Tax \$ 46,612,246
County Tax \$ 17,645,884
County Added and Omitted Taxes 107,902
17,753,786

64,366,032

Local Tax for Municipal Purposes 39,616,862
Additional Taxes 342,200
39,959,062
\$ 104,325,094

Exhibit A-9

TOWN OF KEARNY, N.J.
Schedule of Tax Title Liens Receivable

Current Fund

Year Ended December 31, 2013

Balance, December 31, 2012 \$ 5,880,630

Increased by:

Interest and Costs of Tax Sale	\$ 6,902
6% Year End Penalty Assessed	17,505
Transfers from 2012 Taxes Receivable	28,755
Transfers from 2013 Taxes Receivable	<u>286,886</u>

340,048

6,220,678

Decreased by:

Redemptions

38,515

Balance, December 31, 2013

\$ 6,182,163

Exhibit A-10

Schedule of Property Aquired for Taxes

Current Fund

Year Ended December 31, 2013

Balance, December 31, 2012 \$ 2,943,200

Balance, December 31, 2013 \$ 2,943,200

TOWN OF KEARNY, N.J.
Schedule of Revenue Accounts Receivable
Current Fund
Year Ended December 31, 2013

<u>Source</u>	<u>Balance Dec. 31, 2012</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2013</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	50,780	50,780	
Other		100,564	100,564	
Fees and Permits		166,652	166,652	
Construction Code Official:				
Fees and Permits		488,434	488,434	
Municipal Court:				
Fines and Costs	73,335	957,999	961,020	70,314
Interest and Costs on Taxes		382,395	382,395	
Parking Meters		237,683	237,683	
Interest on Investments and Deposits		103,265	103,265	
Hackensack Meadowlands - Tax Sharing		3,879,674	3,879,674	
Hartz Mountain Lease Agreement		122,736	122,736	
Energy Receipts Tax		18,465,489	18,465,489	
Life Hazard Use Fees - Uniform Fire Safety Act		111,752	111,752	
Kearny Municipal Utilities Authority Sludge Removal		860,000	860,000	
Franchise Fees - Comcast & Verizon		354,384	354,384	
Recycling Revenue		208,527	208,527	
Police Private Duty Administrative Fees		88,380	88,380	
PVSC User Fees		13,489	13,489	
Clean Earth		83,105	83,105	
General Capital Surplus		29,602	29,602	
Reserve for Payment Debt		254,205	254,205	
New Jersey Meadowlands Lease Agreement		1,343,677	1,343,677	
PILOT Payments		65,745	65,745	
Federal and State Reimbursement - Emergency		312,426	312,426	
	<u>\$ 73,335</u>	<u>28,680,963</u>	<u>28,683,984</u>	<u>70,314</u>

Cash	\$ 10,218,493
Interest on Investments	2
Accounts Receivable:	
State Aid	<u>18,465,489</u>
	<u>\$ 28,683,984</u>

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	2013 Budget Revenue <u>Realized</u>	<u>Collections</u>	<u>Canceled</u>	Balance, Dec. 31, <u>2013</u>
FY 2009 Grants:					
UEZ Jacobus Avenue Phase III	\$				
Veterans Field House Construction-2007	4,341		3,352	989	
Veterans Field House Construction-2008	4,077		4,077		
Library Reading Park Construction	50,000		50,000		
FY 2010 Grants:					
KUEZ - Marketing and Zone Promotion	15,613				15,613
KUEZ - Business Development Revolving Loan	313,703		17,438		296,265
Energy Efficiency & Conservation Block Grant	158,600		158,600		
2009 Hudson County Open Space:					
LEED Impr. at Veteran's Field	175,000		107,196		67,804
All Season Multipurpose Veteran's Field	350,000		200,000		150,000
2010 Grants:					
KUEZ - Marketing and Promotion II Add'l Funds	43,228		21,505		21,723
2009 COPS Technology Program Grant	200,000				200,000
FY'08 Port Security Grant	56,250		56,250		
2010 Justice Assistance Grant (JAG)	16,586		16,586		
2011 Grants:					
KUEZ Streetscape, Phase V - 11-270	219,225		94,823	124,402	
2011 Office on Aging Grant					
Surface at Veteran's Field	100,000				100,000
2010 Hudson County Open Space - Magullian					
Property Riverbank Park Development	281,143		260,411		20,732
2007 Hudson County Open Space - Veteran's Field					
House Construction	110,000		110,000		
2011 Justice Assistance Grant	13,329		13,329		
2012 Grants:					
KUEZ Public Safety Project Yr. 4	153,534		151,087	2,447	
FY 2013 KUEZ Administration 13-3	104,986		61,525	43,461	
KUEZ Business Development Revolving Loan Phase V	250,000				250,000
KUEZ Clean Project Year 4	108,000		92,543	15,457	
2012 Municipal Alliance	17,817		17,779	38	
FY'10 Port Security Grant (Fire Boat)	341,603		304,566		37,037
2012 Clean Communities Grant	785			785	
2012 Office on Aging Grant	46,624		46,624		
Hazardous Discharge Site Remediation Fund	47,258		41,103		6,155
2012 Justice Assistance Grant	10,191				10,191
UEZ Administration - FY2014		95,983	17,304		78,679
UEZ Marketing & Zone Promotion Program IV		73,750			73,750
UEZ Sidewalk Sweeper		40,000			40,000
UEZ Marketing & Zone Promotion Program IV		40,000			40,000
UEZ Marketing & Zone Promotion Program V		110,000			110,000
UEZ Clean Project Year 5		144,000			144,000
UEZ Public Safety Year 5 Project		212,137			212,137
2013 Municipal Alliance		61,062	13,122		47,940

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	2013 Budget Revenue <u>Realized</u>	<u>Collections</u>	<u>Canceled</u>	Balance, Dec. 31, <u>2013</u>
FY11 Port Security Grant		297,000	91,602		205,398
Hudson County Open Space - Kearny Library Garden		100,000	15,692		84,308
2013 NJ Community Forestry Grant		3,000			3,000
2013 Clean Communities Grant		51,137	51,137		
FY12 Port Security Grant		21,800			21,800
2013 Office on Aging Grant		50,000	38,853		11,147
2012 Alcohol Education and Rehabilitation		158	158		
Riverbank Park Bike Trail		121,567		121,567	
2013 Drive Sober or Get Pulled Over (Labor Day)		4,400	4,250	150	
FY2014 Pedestrian Safety, Education and Enforcement		12,000			12,000
Riverbank Park Bike Trail - DOT		122,790			122,790
FY2013 Federal Bulletproof Vest Partnership Program		8,892			8,892
FY12 Emergency Assistance Grant		10,000	10,000		
2011 Recycling Tonnage Grant		59,181	59,181		
2013 Drive Sober or Get Pulled Over (Holiday)		4,400			4,400
2013 Body Armor Replacement Fund		11,688	11,688		
	<u>\$ 3,191,893</u>	<u>1,654,945</u>	<u>2,141,781</u>	<u>309,296</u>	<u>2,395,761</u>

TOWN OF KEARNY, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages:				
Administration	374	374		374
Mayor and Council	232	232		232
Town Clerk	198	198		198
Elections	401	401		401
Municipal Court	423	423		423
Public Defender	621			
Treasurer	190	190		190
Assessment of Taxes	110	110		110
Collection of Taxes	135	135		135
Police	209	209		209
Fire	351	351		351
Fire Prevention	52	52		52
Board of Health	93	93		93
Department of Public Works	1,817	1,817		1,817
Shade Tree	788	788		788
Public Building and Grounds	412	412		412
Vehicle Maintenance	252	252		252
Parks and Recreation	468	468		468
Senior Citizen Center	423	423		423
Construction Code Enforcement	197	197		197
Planning Board	99	99		99
Management Information	36	36		36
Other Expenses:				
Administrative	601	2,515	2,288	227
Mayor and Council	255	255		255
Town Clerk	15	112	93	19
Elections	375	375		375
Legal	2,041	12,041	10,193	1,848
Prosecutor	725	1,125		1,125
Engineering	206	14,791	13,824	967
Public and Industrial Development	85	85		85
Life Insurance for Employees	296	295		295
Employee Hospitalization	85,007	14,206	14,184	22
Other Insurance	875	875		875
Dedicated Insurance Fund	304	304		304
Municipal Court	521	3,641	1,746	1,895
Public Defender		621		621
Treasurer	616	906	290	616
Assessment of Taxes	445	3,283	2,950	333
Collection of Taxes	1,132	1,132	52	1,080
Police	2,280	7,331	4,484	2,847
Fire	4,095	20,994	14,878	6,116

TOWN OF KEARNY, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Board of Health- Intercounty Council on Drugs	6,000	6,000		6,000
Board of Health-Contractual Agreement	229	229		229
Meals on Wheels	284	284		284
Department of Public Works	13,758	132,335	132,128	207
Shade Tree	12,253	21,684	18,412	3,272
Public Buildings and Grounds	6,542	54,106	44,546	9,560
Vehicle Maintenance	5,033	23,239	12,263	10,976
Parks and Recreation	4	1,304	1,220	84
Parks and Playgrounds	1,252	1,252		1,252
Celebration of Public Events	92	1,542		1,542
Senior Citizen Center	224	225		225
Construction Code Enforcement	1,501	3,522	1,567	1,955
Zoning Commission	3,782	3,782	603	3,179
Board of Appeals	406	406		406
Planning Board	1,840	5,040	3,443	1,597
Parking Lot Lease Payment	304	6,698	6,394	304
Management Information	4,124	6,237	348	5,889
Electricity and Gas	26,011	33,006	32,907	99
Street Lighting	2,211	62,411	62,315	96
Communications	5,297	5,297	4,388	909
Gasoline	429	26,999	22,741	4,258
Postage	85	10,129		10,129
Rental of Pumps	6,231	6,231	3,490	2,741
Garbage and Trash Removal - Bailer Fees	5,810	5,810		5,810
Unemployment Insurance	274	9,874	9,777	97
Maintenance of Public Library (Ch. 82 & 541, P.L. 1985)				
Contribution	1,269	7,311	7,311	
TOTAL	\$ 213,000	527,100	428,835	98,265
Encumbrances	\$	314,100		
Appropriation Reserves		213,000		
	\$	527,100		
Due to Library			2,190	
Cash Disbursements			426,645	
			\$ 428,835	

TOWN OF KEARNY, N.J.

Schedule of Reserve for Library Expenditures - State Aid

Current Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$	92,822
Increased by:		
State Library Aid		<u>17,013</u>
		109,835
Decreased by:		
Library Aid Expenditures		<u>36,083</u>
Balance, December 31, 2013	\$	<u><u>73,752</u></u>

TOWN OF KEARNY, N.J.

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2013

Balance, December 31, 2012		\$	148,484
Increased by:			
Collections	\$	144,696	
Prior year State Tax Court Judgments			
Charges to Operations		<u>694,275</u>	
			<u>838,971</u>
			987,455
Decreased by:			
Refunds	\$	819,236	
Cancelled to Operations		363	
Applied		<u>8,472</u>	
			<u>828,071</u>
Balance, December 31, 2013		\$	<u><u>159,384</u></u>

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Current Fund

Year Ended December 31, 2013

<u>Fund</u>	Balance Dec. 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance Dec. 31, <u>2013</u>
Trust Funds:	\$			
Escrow Trust	775	184		959
TTL Premium Trust	14,000		14,000	
TTL Redemption Trust	<u>(1,066)</u>	<u>1,066</u>	<u>1,736</u>	<u>(1,736)</u>
	\$ <u>13,709</u>	<u>1,250</u>	<u>15,736</u>	<u>(777)</u>

Analysis of Changes

Interest	\$	184	
Cash Receipts - Interfund Returned			14,000
Cash Disbursements		1,066	
Reimbursement for Expenses Paid		<u>1,736</u>	
	\$	<u>1,250</u>	<u>15,736</u>

Exhibit A-17

TOWN OF KEARNY, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2013

Balance, December 31, 2012		\$	74,826
Increased by:			
Levy	\$	17,580,340	
Open Space Preservation		65,544	
Added Assessments		<u>107,902</u>	
			<u>17,753,786</u>
			17,828,612
Decreased by:			
Payments	\$	<u><u>17,828,612</u></u>	

Exhibit A-18

Schedule of Local District School Taxes Payable

Current Fund

Year Ended December 31, 2013

Increased by:			
Levy	\$	<u>46,612,246</u>	
Decreased by:			
Payments	\$	<u><u>46,612,246</u></u>	

TOWN OF KEARNY, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ 353,338
Increased by:	
Collections	<u>414,464</u>
	767,802
Decreased by:	
Applied to 2013 Taxes Receivable	<u>353,338</u>
Balance, December 31, 2013	\$ <u><u>414,464</u></u>

TOWN OF KEARNY, N.J.

Schedule of Due to State - DCA Fees

Current Fund

Year Ended December 31, 2013

Increased by:

Collections

\$ 34,075

Decreased by:

Disbursements

\$ 34,075

TOWN OF KEARNY, N.J.

Schedule of Reserve for Due to Library

Current Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ 300,044
Increased By:	
Transferred from Appropriation Reserves	<u>2,190</u>
	302,234
Decreased By:	
Cash Disbursements	<u>6,934</u>
Balance, December 31, 2013	<u>\$ 295,300</u>

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Year Ended December 31, 2013

<u>Grant</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2012</u>	<u>2013 Grants</u> <u>Budgeted</u>	<u>Expenditures</u>	<u>Canceled</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2013</u>
Veterans Field House Construction-2007			(989)	989	
Library Reading Park Construction	50,000		50,000		
KUEZ - Marketing and Zone Promotion	2		2		
KUEZ - Business Development Revolving Loan	243,637				243,637
FY 2009 Drunk Driving Enforcement Fund	3,115				3,115
2009 Hudson County Open Space:					
LEED Impr. at Veteran's Field	42,480		10,800		31,680
All Season Multipurpose Veteran's Field	150,000				150,000
KUEZ - Marketing and Zone Promotion II Add'l Funds	40,948		40,907		41
2009 Jersey Fresh Grant	1,482				1,482
FY'09 Emergency Manangement Assistance	1,453		1,453		
2009 COPS Technology Program Grant	200,000				200,000
2010 NJ Transit Reforestation Plan	68,400				68,400
KUEZ Streetscape, Phase V - 11-270	495		(123,907)	124,402	
Assistance to Firefighters FY2010					
Assistance to Firefighters FY2010 - Match					
2010 Hudson County Open Space - All Season					
Surface at Veteran's Field	100,000				100,000
2010 Hudson County Open Space - Magullian					
Property Riverbank Park Development	274,587		274,587		
2009 Recycling Tonnage Grant	28,360		17,410		10,950
FY2010 Emergency Management Assistance	6,167		6,167		
2010 Body Armor Replacement Fund	10,214		10,214		
KUEZ Public Safety Project Yr. 4	153,534		151,087	2,447	
FY 2013 KUEZ Administration 13-3	78,543		35,082	43,461	
KUEZ Business Development Revolving Loan Phase V	250,000				250,000
KUEZ Clean Project Year 4	108,000		92,543	15,457	
2012 Municipal Alliance	38			38	
FY'10 Port Security Grant (Fire Boat)	36,335		(702)		37,037
2012 Clean Communities Grant	11,555		10,486	785	284
Hazardous Discharge Site Remediation Fund	47,258		47,258		
FY'11 Emergency Management Assistance	10,000		413		9,587
2012 Justice Assistance Grant	10,191		1,401		8,790
2010 Recycling Tonnage Grant	64,428		50,361		14,067
2012 Body Armor Replacement Fund	9,519		9,519		
UEZ Administration - FY2014		95,983	30,922		65,061
UEZ Marketing & Zone Promotion Program IV		73,750	57,119		16,631
UEZ Sidewalk Sweeper		40,000	40,000		
UEZ Marketing & Zone Promotion Program IV		40,000	17,394		22,606
UEZ Marketing & Zone Promotion Program V		110,000			110,000
UEZ Clean Project Year 5		144,000			144,000
UEZ Public Safety Year 5 Project		212,137			212,137
2013 Municipal Alliance		61,062	37,729		23,333
FY11 Port Security Grant		297,000	92,887		204,113
Hudson County Open Space - Kearny Library Garden		100,000	100,000		
2013 NJ Community Forestry Grant		3,000			3,000
2013 Clean Communities Grant		51,137			51,137

TOWN OF KEARNY, N.J.

Schedule of Appropriated Reserves for Grants

Current Fund

Year Ended December 31, 2013

<u>Grant</u>	Balance, Dec. 31, 2012	2013 Grants <u>Budgeted</u>	<u>Expenditures</u>	<u>Canceled</u>	Balance, Dec. 31, 2013
FY12 Port Security Grant		21,800	3,780		18,020
2013 Office on Aging Grant		50,000	38,853		11,147
2012 Alcohol Education and Rehabilitation		158			158
Riverbank Park Bike Trail		121,567		121,567	
2013 Drive Sober or Get Pulled Over (Labor Day)		4,400	4,250	150	
FY2014 Pedestrian Safety, Education and Enforcement		12,000	1,250		10,750
Riverbank Park Bike Trail - DOT		122,790	122,790		
FY2013 Federal Bulletproof Vest Partnership Program		8,892	2,344		6,548
FY12 Emergency Assistance Grant		10,000			10,000
2011 Recycling Tonnage Grant		59,181			59,181
2013 Drive Sober or Get Pulled Over (Holiday)		4,400			4,400
2013 Body Armor Replacement Fund		11,688			11,688
	<u>\$ 2,000,741</u>	<u>1,654,945</u>	<u>1,233,410</u>	<u>309,296</u>	<u>2,112,980</u>
Budget Appropriations		491,845			
Appropriations by 40a:4-87		<u>1,163,100</u>			
		<u>\$ 1,654,945</u>			
		Cash	806,753		
		Encumbrances	<u>426,657</u>		
			<u>\$ 1,233,410</u>		

TOWN OF KEARNY, N.J.

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

Current Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ 6,608,247
Increased By:	
Revenue Accounts Receivable	<u>18,465,489</u>
	25,073,736
Decreased By:	
Cash Receipts	<u>18,355,499</u>
Balance, December 31, 2013	\$ <u><u>6,718,237</u></u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Encumbrances

Federal and State Grant Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$	792,950
Increased By:		
Transferred from Budget Appropriations		<u>426,927</u>
		1,219,877
Decreased By:		
Cash Disbursements		<u>792,950</u>
Balance, December 31, 2013	\$	<u><u>426,927</u></u>

Exhibit A-25

Schedule of Reserve for Urban Enterprise Zone

Federal and State Grant Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$	3,672,692
Increased By:		
Cash Receipts	\$	137,775
Interest Earned on Investments		<u>19,274</u>
		<u>157,049</u>
		3,829,741
Decreased By:		
Cash Disbursements		<u>456,224</u>
Balance, December 31, 2013	\$	<u><u>3,373,517</u></u>

<u>Analysis of Balance</u>	
Revolving Loan Fund	1,558,465
Fundraiser Account	30,491
Second Generation	94,877
State Reimbursement	<u>1,689,684</u>
	\$ <u><u>3,373,517</u></u>

TOWN OF KEARNY, N.J.

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

Current Fund

Year Ended December 31, 2013

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

TOWN OF KEARNY, N.J.

Schedule of Special Emergency Notes Payable

Current Fund

Year Ended December 31, 2013

<u>Improvement description</u>	<u>Date of original issue</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance, Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2013</u>
Special Emergency - Terminal Leave 2012	Dec. 21, 2012	Dec. 21, 2013	Dec. 19, 2014	1.25%	\$ 1,100,000	880,000	1,100,000	880,000
Special Emergency - Terminal Leave 2013	Dec. 20, 2013	Dec. 20, 2013	Dec. 19, 2014	1.28%		600,000		600,000
					<u>\$ 1,100,000</u>	<u>1,480,000</u>	<u>1,100,000</u>	<u>1,480,000</u>

TOWN OF KEARNY, N.J.

Schedule of Tax Anticipation Notes

Current Fund

Year Ended December 31, 2013

<u>Purpose</u>	<u>Date of original issue</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance, Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2013</u>
Tax Anticipation Notes	Jun. 21, 2013	Jun. 21, 2013	Feb. 21, 2014	1.50% \$	10,000,000	10,000,000	10,000,000	10,000,000
					<u>\$ 10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>

TOWN OF KEARNY, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2013

	Animal Trust <u>Fund</u>	Other Trust <u>Fund</u>	Community Development Trust <u>Fund</u>	Urban Development Action Grant Trust Fund
Balance - December 31, 2012	\$ 12,336	2,779,695		1,018,382
Increased by Receipts:				
Animal License Fees Collected	26,413			
Amount Due to the State of New Jersey	3,118			
Budget Appropriation	75,000			
Community Development			15,885	
Interfunds		1,248		
Intrafunds			47,629	15,885
Other Trust Funds		4,275,190		
Total Receipts	104,531	4,276,438	63,514	15,885
	116,867	7,056,133	63,514	1,034,267
Decreased by Disbursements:				
Reserve for Animal Trust Expenditures	92,735			
Amount Due to the State of New Jersey	3,105			
Interfunds		15,736		
Intrafunds			15,885	47,629
Miscellaneous Reserve				
Other Trust Funds		3,687,270		
Community Development			47,629	
Self-Insurance Liability				
Total Disbursements	95,840	3,703,006	63,514	47,629
Balance - December 31, 2013	\$ 21,027	3,353,127		986,638

Exhibit B-2

TOWN OF KEARNY, N.J.

Schedule of Due to State of New Jersey

Animal Trust Fund

Year Ended December 31, 2013

	Dog License <u>Fees</u>
Balance - December 31, 2012	\$ 6
Increased by:	
Dog License Fees	<u>3,118</u>
	3,124
Decreased by:	
Payments	<u>3,105</u>
Balance - December 31, 2013	\$ <u><u>19</u></u>

TOWN OF KEARNY, N.J.

Schedule of Community Development Receivables

Other Trust Fund

Year Ended December 31, 2013

	Balance Dec. 31, <u>2012</u>	<u>Awards</u>	<u>Decreases</u>	Balance Dec. 31, <u>2013</u>
2010-				
Sellers Street Reconstruction - Phase II	144,869		144,869	
2011 -				
Town Hall ADA Compliance	82,250		82,250	
ADA Veteran's Field	110,000		110,000	
Kearny/Laurel Avenue Road Reconstruction		192,250		192,250
2012 -				
Kearny/Laurel Avenue Road Reconstruction	400,000			400,000
2013 -				
Central Avenue Reconstruction		539,869		539,869
	<u>\$ 737,119</u>	<u>732,119</u>	<u>337,119</u>	<u>1,132,119</u>
		Reallocations		
		321,234		
		Current Year Grant Awards		
		410,885		
		<u>\$ 732,119</u>		
		Cash Receipts	15,885	
		Reallocations	321,234	
			<u>\$ 337,119</u>	

TOWN OF KEARNY, N.J.

Schedule of Reserve for Animal Trust Fund Expenditures

Animal Trust Fund

Year Ended December 31, 2013

Balance - December 31, 2012	\$	12,330
Increased by:		
Budget Appropriation	\$	75,000
Dog License Fees		23,570
Cat License Fees		822
Miscellaneous		21
Late Fees		<u>2,000</u>
		<u>101,413</u>
		113,743
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>92,735</u>
Balance - December 31, 2013	\$	<u><u>21,008</u></u>

License fees collected

<u>Year</u>	<u>Amount</u>
2011	\$ 26,277
2012	<u>28,942</u>
	<u><u>\$ 55,219</u></u>

TOWN OF KEARNY, N.J.

Schedule of Reserves

Other Trust Fund

Year Ended December 31, 2013

	Balance Dec. 31, <u>2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2013</u>
Recreation	\$ 152,790	195,061	201,448	146,403
Swim Pool	79,401	14,238	16,778	76,861
Public Defender Fees	9,629	2,351		11,980
Dedicated Fire Penalties	30,874		2,655	28,219
Performance Deposits	273,412			273,412
Escrow Bonds	10,200			10,200
Developer's Contribution	31,250	15,625		46,875
DARE Program	1,247	5,246	3,177	3,316
Various Donations	41,957	12,276	12,359	41,874
Miscellaneous	2,405			2,405
Domestic Violence	1,500			1,500
Police Outside Duty	181,077	515,388	467,200	229,265
Escrow Deposits	465,935	86,903	48,900	503,938
Tax Title Lien Premiums	699,400	803,600	383,400	1,119,600
Recreation Umpire	3,980	40,180	41,950	2,210
Affordable Housing	600,783	3,681	105	604,359
POAA	100,145	16,642		116,787
Tax Collector Trust	18,937	2,474,555	2,493,492	
Law Enforcement Trust Fund	31,073	36,188	9,299	57,962
Public Library Trust				
Donations - Reserved Principal	10,000		316	9,684
Donations - Unreserved Interest	6	76		82
Donations - Unreserved	309			309
Bureau of Combustible	18,898	53,178	5,414	66,662
DEA Fund	776	2	777	1
	<u>\$ 2,765,984</u>	<u>4,275,190</u>	<u>3,687,270</u>	<u>3,353,904</u>
		Cash	<u>4,275,190</u>	<u>3,687,270</u>
		\$	<u>4,275,190</u>	<u>3,687,270</u>

TOWN OF KEARNY, N.J.

Schedule of Reserve for Community Development Block Grants

Other Trust Fund

Year Ended December 31, 2013

	Balance Dec. 31, <u>2012</u>	<u>Awards</u>	<u>Decreases</u>	Balance Dec. 31, <u>2013</u>
2010-				
Sellers Street Reconstruction - Phase II	\$ 129,359		129,359	
2011 -				
Town Hall ADA Compliance	82,250		82,250	
ADA Improvements - Veteran's Field	110,000		110,000	
Kearny/Laurel Avenue Road Reconstruction		192,250		192,250
2012 -				
Kearny/Laurel Avenue Road Reconstruction	400,000		28,151	371,849
2013 -				
Central Avenue Road Reconstruction		539,869	19,103	520,766
	<u>\$ 721,609</u>	<u>732,119</u>	<u>368,863</u>	<u>1,084,865</u>
		Awards	410,885	
		Reallocation	321,234	
		\$	<u>732,119</u>	
		Expenditures	47,629	
		Reallocation	<u>321,234</u>	
			<u>\$ 368,863</u>	

TOWN OF KEARNY, N.J.

Schedule of Reserve for Urban Development Action Grant Trust Fund

Urban Development Action Grant Trust Fund

Year Ended December 31, 2013

Balance - December 31, 2012 \$ 1,033,892

Balance - December 31, 2013 \$ 1,033,892

TOWN OF KEARNY, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Other Trust Fund

Year Ended December 31, 2013

<u>Fund</u>	Balance Dec. 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance Dec. 31, <u>2013</u>
Current Fund:				
Escrow Trust Fund	\$ (775)	184		(959)
TTL Premium Trust	(14,000)		14,000	
TTL Redemption Trust	<u>1,066</u>	<u>1,066</u>	<u>1,736</u>	<u>1,736</u>
	<u>\$ (13,709)</u>	<u>1,250</u>	<u>15,736</u>	<u>777</u>
Due from	\$ 1,066	1,066	1,736	1,736
Due (to)	<u>(14,775)</u>	<u>184</u>	<u>14,000</u>	<u>(959)</u>
	<u>\$ (13,709)</u>	<u>1,250</u>	<u>15,736</u>	<u>777</u>

Analysis of Changes

Interest	\$	182	
Reclassify Prior Year Interest		2	
Cash Disbursements			15,736
Cash Receipts		<u>1,066</u>	
	\$	<u>1,250</u>	<u>15,736</u>

TOWN OF KEARNY, N.J.

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

Other Trust Fund

Year Ended December 31, 2013

<u>Fund</u>	Balance Dec. 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance Dec. 31, <u>2013</u>
Other Trust Fund:				
Escrow Trust Fund	\$ 118,514			118,514
Affordable Housing Trust Fund:				
Escrow Trust Fund	98,357			98,357
Community Development Trust Fund:				
Urban Development Action Grant Trust Fund	(15,510)	15,885	47,629	(47,254)
Urban Development Action Grant Trust Fund:				
Community Development Trust Fund	15,510	47,629	15,885	47,254
Escrow Trust Fund:				
Other Trust Fund	(118,514)			(118,514)
Affordable Housing Trust Fund	(98,357)			(98,357)
	<u>\$</u>	<u>63,514</u>	<u>63,514</u>	
Due from	\$ 232,381	47,629	15,885	264,125
Due (to)	<u>(232,381)</u>	<u>15,885</u>	<u>47,629</u>	<u>(264,125)</u>

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF KEARNY, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2013

Balance, December 31, 2012		\$	1,274,822
Increased by Receipts:			
Grants	\$	801,000	
Bond Anticipation Notes		5,277,457	
Bond Anticipation Note - Premium		58,144	
Capital Improvement Fund		<u>194,010</u>	
			<u>6,330,611</u>
			7,605,433
Decreased by Disbursements:			
Reserve for Payment of Debt		254,205	
Fund Balance realized as Budget Revenue		29,602	
Improvement Authorizations		<u>3,631,666</u>	
			<u>3,915,473</u>
Balance, December 31, 2013		\$	<u><u>3,689,960</u></u>

TOWN OF KEARNY, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2013

Excess Note Proceeds	\$	20,310
Capital Improvement Fund		24,937
Fund Balance		62,760
Department of Transportation Grants		(658,660)
N.J. Environmental Infrastructure Trust Loans Receivable		(858,918)

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
2004-25	Improvements to Solids and Floatables Facility	1,083,135
2012-27	Various Road and Sewer Improvements	867,603
2012-48	Tax Appeal Refunding	15,106
2012-59	Tax Appeal Refunding	5,589
2013-20	Acquisition of Property	10,868
2013-21	Various Road & Sewer Improvements	1,567,560
2013-22	Various Capital Improvements	<u>1,549,670</u>
		<u>\$ 3,689,960</u>

TOWN OF KEARNY, N.J.

Schedule of Grants Receivable

General Capital Fund

Year Ended December 31, 2013

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance, Dec. 31, 2012</u>	<u>Awarded</u>	<u>Reduced</u>	<u>Balance, Dec. 31, 2013</u>
<u>State of New Jersey, Department of Transportation:</u>					
2010-07	Road Improvements and Traffic Signals to Belgrove Dr./Woodland Ave and Seeley Ave/Elm St.	\$ 206,456		206,456	
2011-13	Various Road/Sewer Imps./Intersection Imps.	207,781		207,781	
2012-27	Various Road Improvements	291,100			291,100
2013-21	Various Road and Sewer Improvements		367,560		367,560
		<u>705,337</u>	<u>367,560</u>	<u>414,237</u>	<u>658,660</u>
			Cash Receipts	377,725	
			Cancelled via Resolution	36,512	
				<u>\$ 414,237</u>	
<u>State of New Jersey, Department of Environmental Protection:</u>					
<u>Green Acres Grants:</u>					
2008-36	Multi-Park Improvements	500,000		500,000	
		<u>500,000</u>		<u>500,000</u>	

TOWN OF KEARNY, N.J.

Schedule of Loans Receivable

General Capital Fund

Year Ended December 31, 2013

<u>Ordinance Number</u>	<u>Description</u>	Balance, Dec. 31, <u>2012</u>	Balance, Dec. 31, <u>2013</u>
	Environmental Infrastructure Loans:		
2002-59	Riverbank Park	\$ 437,597	437,597
2004-25	Improvements to CSO Control Facilities	<u>421,321</u>	<u>421,321</u>
		<u>\$ 858,918</u>	<u>858,918</u>

TOWN OF KEARNY, N.J.

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

General Capital Fund

Year Ended December 31, 2013

Balance, December 31, 2012 \$ 41,526,863

Decreased by:

Current Year Budget Appropriations:

Serial Bonds \$ 5,531,000

N.J. Wastewater Loans 618,546

Green Acres Loans 62,222

6,211,768

Balance, December 31, 2013 \$ 35,315,095

TOWN OF KEARNY, N.J.

Schedule of Deferred Charges to
Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	Authorizations	Decreased by	Balance Dec. 31, 2013	Analysis of Balance - December 31, 2013		
						Financed by		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
General Improvements:								
1998-26/2004-25	Improvements to Solids and Floatables Facility	\$ 1,777,477			1,777,477	1,777,477		
2008-34	Various Road and Sewer Improvements	1,500,000		157,898	1,342,102	1,342,102		
2008-35/2011-43	Various Capital Imps./Imps. To Parks, Playgrounds and Municipal Bldg.	950,000		146,828	803,172	811,708		
2008-36	Multi-Park Improvements	500,000		46,008	453,992	465,516		
2009-12	Various Capital Improvements	475,000		22,406	452,594	452,594		
2010-06	Various Improvements	950,000		46	949,954	950,000		
2010-40	Waterfront Property Acquisition (Magullian Property)							
2011-13	Various Improvements	950,000		204	949,796	950,000		
2011-26	Refunding Bond Ordinance	1,100,000		1,100,000				
2012-27	Various Road Improvements	1,425,000			1,425,000	1,425,000		
2012-47	Various Capital Improvements	1,900,000			1,900,000	1,900,000		
2012-48	Tax Appeal Refunding	750,000		375,000	375,000	375,000		
2012-59	Tax Appeal Refunding	150,000		75,000	75,000	75,000		
2013-20	Acquisition of Property		690,475		690,475	690,475		
2013-21	Various Road and Sewer Improvements		1,142,855		1,142,855	1,142,855		

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	Decreased by	Balance Dec. 31, 2013	Analysis of Balance - December 31, 2013		
					Financed by	Unexpended	
					Bond Anticipation Notes	Expenditures	Improvement Authorization
2013-22	Various Capital Improvements			1,666,650	1,666,650		
		\$ 12,427,477	1,923,390	14,004,067	14,024,377		

Cancelled via Resolution	1,120,310
Transferred to Deferred Charges - Funded	803,080
	<u>\$ 1,923,390</u>

Less: Excess Note Proceeds	
Ord. 2008-35	(8,363)
2008-36	(11,524)
2010-06	(46)
2011-13	(204)
2011-43	(173)
	<u>(20,310)</u>

Deferred Charges - Unfunded	14,004,067
-----------------------------	------------

Improvement Authorizations - Unfunded	4,674,826
Less: Unexpended proceeds of Bond Anticipation Notes	
Ordinance:	
2004-25	1,083,135
2012-27	867,603
2012-48	15,106
2012-59	5,589
2013-20	10,868
2013-21	1,142,855
2013-22	1,549,670

\$ 4,674,826

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

Year Ended December 31, 2013

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2013</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds Series 2003A	Jan. 15, 2003	14,140,000	1/15/2014	93,000	4.00%	525,000	216,000	309,000
			1/15/2015	40,000	4.125%			
			1/15/2016	176,000	4.25%			
Refunding Bonds Series 2003B	Jan. 15, 2003	8,875,000	2/1/2014	825,000	5.10%	5,395,000	730,000	4,665,000
			2/1/2015	935,000	5.20%			
			2/1/2016	1,050,000	5.25%			
			2/1/2017	1,175,000	5.35%			
			2/1/2018	140,000	5.80%			
			2/1/2019	160,000	5.80%			
			2/1/2020	180,000	5.80%			
Refunding Bonds Series 2006A	Feb. 1, 2007	7,480,000	2/1/2014	1,500,000	4.75%	4,165,000	1,195,000	2,970,000
			2/1/2015	1,170,000	5.00%			
			2/1/2016	300,000	5.00%			
Refunding Bonds Series 2006B	Feb. 1, 2007	5,100,000	2/1/2014	1,150,000	5.08%	3,480,000	1,000,000	2,480,000
			2/1/2015	1,100,000	5.11%			
			2/1/2016	230,000	5.16%			

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

General Capital Fund

Year Ended December 31, 2013

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
			<u>Bonds Outstanding, December 31, 2013</u>	<u>Amount</u>				
General Improvement Bonds	Jan. 1, 2008	10,305,000	1/15/2014	75,000	3.50%	10,145,000	65,000	10,080,000
			1/15/2015	650,000	3.50%			
			1/15/2016	650,000	3.50%			
			1/15/2017	1,200,000	3.50%			
			1/15/2018	1,825,000	5.25%			
			1/15/2019	1,900,000	4.00%			
			1/15/2020	1,950,000	4.00%			
			1/15/2021	1,830,000	4.00%			
Refunding Bonds, Series 2011	Aug. 5, 2011	7,915,000	1/15/2014	1,920,000	3.00%	7,880,000	1,940,000	5,940,000
			1/15/2015	2,005,000	3.00%			
			1/15/2016	815,000	2.00%			
			1/15/2016	1,200,000	3.00%			
Fiscal Year Adjustment Refunding Bonds, Series 2011	Aug. 5, 2011	1,080,000	1/15/2014	165,000	3.00%	1,075,000	385,000	690,000
			1/15/2015	100,000	3.00%			
			1/15/2016	425,000	2.00%			
						<u>\$ 32,665,000</u>	<u>5,531,000</u>	<u>27,134,000</u>

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

General Capital Fund

Year Ended December 31, 2013

	Original Issue		Maturities of Loans Outstanding, December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
	Date	Amount	Date	Amount				
Trust Share	11/05/98	\$ 1,575,000	08/01/14	100,000	4.50%	\$ 645,000	95,000	550,000
			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	08/01/14	50,000	5.00%	745,000	50,000	695,000
			08/01/15	55,000	4.00%			
			08/01/16	55,000	4.00%			
			08/01/17	55,000	4.00%			
			08/01/18	60,000	5.00%			
			08/01/19	60,000	5.00%			
			08/01/20	65,000	5.00%			
			08/01/21	70,000	5.00%			
			08/01/22	70,000	5.00%			
			08/01/23	75,000	5.00%			
			08/01/24	80,000	4.25%			
Trust Share	11/08/07	\$ 1,255,000	08/01/14	55,000	3.60%	1,065,000	50,000	1,015,000
			08/01/15	55,000	5.00%			
			08/01/16	60,000	5.00%			
			08/01/17	60,000	5.00%			
			08/01/18	65,000	5.00%			
			08/01/19	65,000	4.00%			
			08/01/20	70,000	4.00%			
			08/01/21	75,000	5.00%			
			08/01/22	75,000	5.00%			
			08/01/23	80,000	4.25%			
			08/01/24	85,000	4.50%			
			08/01/25	85,000	4.50%			
			08/01/26	90,000	4.50%			
			08/01/27	95,000	4.25%			

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

General Capital Fund

Year Ended December 31, 2013

	Original Issue		Maturities of Loans Outstanding, December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>				
Fund Share	11/05/98	\$ 1,507,371	02/01/14	8,004	*	485,435	80,218	405,217
			08/01/14	72,683	*			
			02/01/15	6,549	*			
			08/01/15	74,463	*			
			02/01/16	5,021	*			
			08/01/16	76,168	*			
			02/01/17	3,420	*			
			08/01/17	77,801	*			
			02/01/18	1,746	*			
			08/01/18	79,362	*			
Fund Share	11/04/04	\$ 3,047,070	02/01/14	30,409	*	1,874,915	160,324	1,714,591
			08/01/14	125,177	*			
			02/01/15	28,513	*			
			08/01/15	132,758	*			
			02/01/16	26,428	*			
			08/01/16	130,674	*			
			02/01/17	24,344	*			
			08/01/17	128,589	*			
			02/01/18	21,737	*			
			08/01/18	135,459	*			
			02/01/19	18,894	*			
			08/01/19	132,616	*			
			02/01/20	16,051	*			
			08/01/20	139,250	*			
			02/01/21	12,971	*			
			08/01/21	145,647	*			
			02/01/22	9,655	*			
			08/01/22	142,330	*			
			02/01/23	6,338	*			
			08/01/23	148,490	*			
			02/01/24	3,317	*			
			08/01/24	154,946	*			

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

General Capital Fund

Year Ended December 31, 2013

	Original Issue		Maturities of Loans Outstanding, December 31, 2013		Interest Rate	Balance	Decreased	Balance
	Date	Amount	Date	Amount		Dec. 31, 2012		Dec. 31, 2013
Fund Share	11/08/07	3,623,250	02/01/14	43,068	*	2,784,525	183,004	2,601,521
			08/01/14	146,019	*			
			02/01/15	41,215	*			
			08/01/15	144,166	*			
			02/01/16	38,642	*			
			08/01/16	150,951	*			
			02/01/17	35,834	*			
			08/01/17	148,143	*			
			02/01/18	33,026	*			
			08/01/18	154,695	*			
			02/01/19	29,984	*			
			08/01/19	151,653	*			
			02/01/20	27,551	*			
			08/01/20	158,579	*			
			02/01/21	24,930	*			
			08/01/21	165,317	*			
			02/01/22	21,421	*			
			08/01/22	161,808	*			
			02/01/23	17,911	*			
			08/01/23	167,657	*			
			02/01/24	14,729	*			
			08/01/24	173,834	*			
			02/01/25	11,149	*			
			08/01/25	170,254	*			
			02/01/26	7,569	*			
			08/01/26	176,034	*			
			02/01/27	3,779	*			
			08/01/27	181,603	*			
						<u>\$ 7,599,875</u>	<u>618,546</u>	<u>6,981,329</u>

* Interest Free

TOWN OF KEARNY, N.J.

Schedule of Green Acres Trust Loans Payable

General Capital Fund

Year Ended December 31, 2013

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding, December 31, 2013</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
		<u>Date</u>	<u>Amount</u>				
Harvey Field	235,731	01/11/14	6,127	2.00%	\$ 132,259	12,074	120,185
		07/11/14	6,189				
		01/11/15	6,251				
		07/11/15	6,313				
		01/11/16	6,376				
		07/11/16	6,440				
		01/11/17	6,504				
		07/11/17	6,569				
		01/11/18	6,635				
		07/11/18	6,701				
		01/11/19	6,766				
		07/11/19	6,836				
		01/11/20	6,904				
		07/11/20	6,974				
		01/11/21	7,043				
		07/11/21	7,114				
		01/11/22	7,185				
		07/11/22	7,257				
Riverbank Park	250,000	02/28/14	6,307	2.00%	159,003	12,428	146,575
		08/28/14	6,370				
		02/28/15	6,434				
		08/28/15	6,498				
		02/28/16	6,563				
		08/28/16	6,629				
		02/28/17	6,695				
		08/28/17	6,762				
		02/28/18	6,830				
		08/28/18	6,898				
		02/28/19	6,967				
		08/28/19	7,037				
		02/28/20	7,107				
		08/28/20	7,178				
		02/28/21	7,250				
		08/28/21	7,322				
		02/28/22	7,396				
		08/28/22	7,469				
		02/28/23	7,544				
		08/28/23	7,620				
		02/28/24	7,698				
Bell Playground	275,000	01/09/14	6,758	2.00%	230,429	13,315	217,114
		07/09/14	6,825				
		01/09/15	6,893				
		07/09/15	6,962				
		01/09/16	7,032				
		07/09/16	7,102				
		01/09/17	7,173				

TOWN OF KEARNY, N.J.
Schedule of Green Acres Trust Loans Payable

General Capital Fund

Year Ended December 31, 2013

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding, December 31, 2013</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
		<u>Date</u>	<u>Amount</u>				
Bell Playground (cont.),		07/09/17	7,245				
		01/09/18	7,317				
		07/09/18	7,391				
		01/09/19	7,465				
		07/09/19	7,539				
		01/09/20	7,615				
		07/09/20	7,691				
		01/09/21	7,768				
		07/09/21	7,845				
		01/09/22	7,924				
		07/09/22	8,003				
		01/09/23	8,083				
		07/09/23	8,164				
		01/09/24	8,246				
		07/09/24	8,328				
		01/09/25	8,411				
		07/09/25	8,495				
		01/09/26	8,580				
		07/09/26	8,666				
		01/09/27	8,753				
		07/09/27	8,840				
Gunnel Oval Skateboard Park	138,690	05/26/14	3,556	0%	113,797	7,112	106,685
		11/26/14	3,556				
		05/26/15	3,556				
		11/26/15	3,556				
		05/26/16	3,556				
		11/26/16	3,556				
		05/26/17	3,556				
		11/26/17	3,556				
		05/26/18	3,556				
		11/26/18	3,556				
		05/26/19	3,556				
		11/26/19	3,556				
		05/26/20	3,556				
		11/26/20	3,556				
		05/26/21	3,556				
		11/26/21	3,556				
		05/26/22	3,556				
		11/26/22	3,556				
		05/26/23	3,556				
		11/26/23	3,556				
		05/26/24	3,556				
		11/26/24	3,556				
		05/26/25	3,556				
		11/26/25	3,556				
		05/26/26	3,556				
		11/26/26	3,556				
		05/26/27	3,556				

TOWN OF KEARNY, N.J.

Schedule of Green Acres Trust Loans Payable

General Capital Fund

Year Ended December 31, 2013

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding, December 31, 2013</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
		<u>Date</u>	<u>Amount</u>				
Gunnel Oval Skateboard, (cont.)		11/26/27	3,556				
		05/26/28	3,556				
		11/26/28	3,560				
Waterfront Acquisition	191,500	02/17/14	4,120	2.00%	191,500	8,118	183,382
		08/17/14	4,161				
		02/17/15	4,203				
		08/17/15	4,245				
		02/17/16	4,288				
		08/17/16	4,330				
		02/17/17	4,374				
		08/17/17	4,417				
		02/17/18	4,462				
		08/17/18	4,506				
		02/17/19	4,551				
		08/17/19	4,597				
		02/17/20	4,643				
		08/17/20	4,689				
		02/17/21	4,736				
		08/17/21	4,783				
		02/17/22	4,831				
		08/17/22	4,880				
		02/17/23	4,928				
		08/17/23	4,978				
		02/17/24	5,027				
		08/17/24	5,078				
		02/17/25	5,129				
		08/17/25	5,180				
		02/17/26	5,232				
		08/17/26	5,284				
		02/17/27	5,337				
		08/17/27	5,390				
		02/17/28	5,444				
		08/17/28	5,499				
		02/17/29	5,553				
		08/17/29	5,609				
		02/17/30	5,665				
		08/17/30	5,722				
		02/17/31	5,779				
		08/17/31	5,837				
		02/17/32	5,895				
Harvey Field Soccer Impr.	435,000	02/28/14	9,267	2.00%	435,000	9,175	425,825
		08/28/14	9,359				
		02/28/15	9,453				
		08/28/15	9,547				
		02/28/16	9,643				
		08/28/16	9,739				
		02/28/17	9,837				

TOWN OF KEARNY, N.J.

Schedule of Green Acres Trust Loans Payable

General Capital Fund

Year Ended December 31, 2013

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding, December 31, 2013</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
		<u>Date</u>	<u>Amount</u>				
Harvey Field Soccer Impr. (cont.),		08/28/17	9,935				
		02/28/18	10,034				
		08/28/18	10,135				
		02/28/19	10,236				
		08/28/19	10,338				
		02/28/20	10,442				
		08/28/20	10,546				
		02/28/21	10,652				
		08/28/21	10,758				
		02/28/22	10,866				
		08/28/22	10,975				
		02/28/23	11,084				
		08/28/23	11,195				
		02/28/24	11,307				
		08/28/24	11,420				
		02/28/25	11,534				
		08/28/25	11,650				
		02/28/26	11,766				
		08/28/26	11,884				
		02/28/27	12,003				
		08/28/27	12,123				
		02/28/28	12,244				
		08/28/28	12,366				
		02/28/29	12,490				
		08/28/29	12,615				
		02/28/30	12,741				
		08/28/30	12,868				
		02/28/31	12,997				
		08/28/31	13,127				
		02/28/32	13,258				
		08/28/32	13,391				
					<u>\$ 1,261,988</u>	<u>62,222</u>	<u>1,199,766</u>

TOWN OF KEARNY, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Ordinance Amount	Balance December 31, 2012		Paid or Charged	Canceled	Balance December 31, 2013	
			Funded	Unfunded			Funded	Unfunded
2004-25	General Improvements:							
2008-35	Improvements to Solids and Floatables Facility	11,000,000		1,083,135				1,083,135
2008-35	Various Capital Improvements	1,000,000		8,363		(8,363)		
2008-36	Multi-Park Improvements	1,000,000		117,605	29,356	(88,249)		
2010-06	Various Improvements	1,000,000		236,057	236,011	(46)		
2010-07	Road Improvements and Traffic Signals to Belgrove Dr./Woodland Ave and Seeley Ave/Elm St.		47,767					
2011-13	Various Improvements	400,805			6,639	(41,128)		
2011-26	Refunding Bond Ordinance	1,207,781	1,415	29,942	31,153	(204)		
2011-43	Imprs. to Parks, Playgrounds and Municipal Bldg	10,095,000		1,100,000		(1,100,000)		
2012-27	Road & Sewer Improvements	115,000		37,987	37,814	(173)		
2012-47	Various Capital Improvements	1,791,100	298,102	1,425,000	855,499			867,603
2012-48	Tax Appeal Refunding	2,000,000		1,520,732	1,520,732			
2012-59	Tax Appeal Refunding	750,000		15,106				15,106
2013-20	Acquisition of Property	150,000		5,589				5,589
2013-21	Various Road & Sewer Improvements	725,000			714,132			10,868
2013-22	Various Capital Improvements	1,567,560			1,567,560		424,705	1,142,855
		1,750,000			200,330			1,549,670
		\$	347,284	5,579,516	3,631,666	(1,238,163)	424,705	4,674,826
				Deferred Charges Unfunded				
				Capital Improvement Fund	3,499,980			
				Grants Receivable	175,020			
					367,560			
				\$	4,042,560			

Exhibit C-12

TOWN OF KEARNY, N.J.

Schedule of Reserve for Payment of Debt

General Capital Fund

Year Ended December 31, 2013

	Balance Dec. 31, <u>2012</u>	<u>Decreased by:</u> Utilized as Budget <u>Revenue</u>
Reserve for: Payment of Debt	\$ <u>254,205</u>	<u>254,205</u>

TOWN OF KEARNY, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ 5,947
Increased by:	
Budget appropriation	<u>194,010</u>
	199,957
Decreased by:	
Appropriated to Finance	
Improvement Authorizations	<u>175,020</u>
Balance, December 31, 2013	\$ <u><u>24,937</u></u>

TOWN OF KEARNY, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
2008-34	Road/Sewer Improvements	June 29, 2010	Aug. 15, 2013	Feb. 21, 2014	1.50%	1,500,000	1,342,102	1,500,000	1,342,102
2008-35/2011-43	Various Capital Improvements	June 29, 2010	Aug. 15, 2013	Feb. 21, 2014	1.50%	950,000	811,708	950,000	811,708
2008-36	Multi-Park Improvements	June 29, 2010	Aug. 15, 2013	Feb. 21, 2014	1.50%	500,000	465,516	500,000	465,516
2009-12	Various Capital Improvements	June 29, 2010	Aug. 15, 2013	Feb. 21, 2014	1.50%	475,000	452,594	475,000	452,594
2010-06	Various Capital Improvements	June 28, 2011	Aug. 15, 2013	Feb. 21, 2014	1.50%	950,000	950,000	950,000	950,000
2011-13	Various Capital Improvements	June 28, 2011	Aug. 15, 2013	Feb. 21, 2014	1.50%	950,000	950,000	950,000	950,000
2012-27	Various Road Improvements	Dec. 21, 2012	Aug. 15, 2013	Feb. 21, 2014	1.50%	1,425,000	1,425,000	1,425,000	1,425,000
2012-47	Various Capital Improvements	Dec. 21, 2012	Aug. 15, 2013	Feb. 21, 2014	1.50%	1,900,000	1,900,000	1,900,000	1,900,000
2012-48	Tax Appeal Refunding	Dec. 21, 2012	Dec. 20, 2013	Dec. 19, 2014	1.25%	750,000	375,000	750,000	375,000
2012-59	Tax Appeal Refunding	Dec. 21, 2012	Dec. 20, 2013	Dec. 19, 2014	1.25%	150,000	75,000	150,000	75,000
2013-20	Acquisition of Property	Aug. 15, 2013	Aug. 15, 2013	Feb. 21, 2014	1.50%		690,475		690,475
2013-21	Various Road and Sewer Improvements	Aug. 15, 2013	Aug. 15, 2013	Feb. 21, 2014	1.50%		1,142,855		1,142,855
2013-22	Various Capital Improvements	Aug. 15, 2013	Aug. 15, 2013	Feb. 21, 2014	1.50%		1,666,650		1,666,650
1998-26	Sewer Separation Project	Aug. 14, 2013	Aug. 14, 2013	Feb. 21, 2014	1.50%		9,310		9,310
2004-25	Imps. To CSO Solids/Floatables Control Facilities	Aug. 14, 2013	Aug. 14, 2013	Feb. 21, 2014	1.50%		1,768,167		1,768,167
						<u>\$ 9,550,000</u>	<u>14,024,377</u>	<u>9,550,000</u>	<u>14,024,377</u>
						Cash	5,277,457		
						Budget Appropriation		803,080	
						Renewed	<u>8,746,920</u>	<u>8,746,920</u>	
							<u>\$ 8,746,920</u>	<u>8,746,920</u>	

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF KEARNY, N.J.

Schedule of Cash - Treasurer

Water Utility Fund

Year Ended December 31, 2013

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2012	\$ <u>265,583</u>	<u>2,002,074</u>
Increased by Receipts:		
Water Collector	5,886,959	
Infrastructure Trust Fund Loans		572,595
Premium on Bond Anticipation Notes		40,949
	<u>5,886,959</u>	<u>613,544</u>
	6,152,542	2,615,618
Decreased by Disbursements:		
2013 Appropriations	5,683,706	
2012 Appropriation Reserves	2,335	
Accrued Interest on Bonds, Notes and Loans	388,110	
Fund Balance due to Operating Fund		18,728
Reserve for payment of debt - Due to Operating Fund		53,859
Improvement Authorizations		766,634
	<u>6,074,151</u>	<u>839,221</u>
Balance, December 31, 2013	\$ <u><u>78,391</u></u>	<u><u>1,776,397</u></u>

Exhibit D-6**TOWN OF KEARNY, N.J.****Analysis of Cash****Water Utility Capital Fund****Year Ended December 31, 2013**

	Balance, Dec. 31, <u>2013</u>	
NJ Infrastructure Trust Fund Loans Receivable	\$ (389,551)	
Capital Improvement Fund	57,750	
Unexpended Note Proceeds on cancelled Improvement Authorizations:		
Ord. 2008-32	223	
Ord. 2008-50	13,445	
Reserve for Payment of Debt, Ord. 2010-05	240,000	
Capital fund Balance	40,949	
Improvement Authorizations:		
Ordinance		
<u>number</u>	<u>General improvements</u>	
2009-31	Central Ave Water Improvements	135,573
2010-05	North Hackensack Ave and Stern Ave Water Improvements	213,898
2012-26	Various Water Utility Improvements	<u>1,464,110</u>
	\$	<u>1,776,397</u>

TOWN OF KEARNY, N.J.

Schedule of Consumers' Accounts Receivable -
Operating Fund

Water Utility Operating Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ 953,113
Increased by:	
2013 Levy	<u>5,158,721</u>
	6,111,834
Decreased by:	
Cash receipts	<u>5,345,444</u>
Balance, December 31, 2013	<u><u>\$ 766,390</u></u>

TOWN OF KEARNY, N.J.

Schedule of 2012 Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2013

	Balance, December 31, <u>2012</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 5,276	5,276		5,276
Other Expenses	88,319	95,181	2,335	92,846
North Jersey Water District Supply	711	711		711
Statutory Expenditures:				
Social Security	<u>2,477</u>	<u>2,477</u>		<u>2,477</u>
	<u>\$ 96,783</u>	<u>103,645</u>	<u>2,335</u>	<u>101,310</u>
Encumbrances		96,783		
Appropriation Reserves		<u>6,862</u>		
		<u>\$ 103,645</u>		

TOWN OF KEARNY, N.J.

Schedule of Loans Receivable

Water Utility Capital Fund

Year Ended December 31, 2013

<u>Ordinance Number</u>	<u>Description</u>	Balance, Dec. 31, <u>2012</u>	<u>Reduced</u>	Balance, Dec. 31, <u>2013</u>
	Environmental Infrastructure Loans:			
2009-31	Central Ave Water Improvements	\$ 557,667	422,094	135,573
2010-05	North Hackensack Ave and Stern Ave Water Improvements	<u>826,573</u>	<u>572,595</u>	<u>253,978</u>
		<u>\$ 1,384,240</u>	<u>994,689</u>	<u>389,551</u>
		Deobligated	422,094	
		Cash Receipts	<u>572,595</u>	
			<u>\$ 994,689</u>	
		<u>Analysis of Balance</u>		
		2009-31 Trust Loan		135,573
		2010-05 Fund Loan		183,038
		2010-05 Trust Loan		<u>70,940</u>
				<u>\$ 389,551</u>

TOWN OF KEARNY, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2013

<u>Account</u>	Balance, Dec. 31, <u>2012</u>	Transferred from Fixed Capital Authorized and <u>Uncompleted</u>	Balance, Dec. 31, <u>2013</u>
Mains and Accessories	\$ 8,760,411	3,704,040	12,464,451
Wanaque Project	4,466,891		4,466,891
Ramapo Project	615,103		615,103
General	5,289,670		5,289,670
Acquisition of Vehicles	300,000		300,000
Acquisition of Water Meters	<u>5,219,310</u>		<u>5,219,310</u>
	<u>\$ 24,651,385</u>	<u>3,704,040</u>	<u>28,355,425</u>

TOWN OF KEARNY, N.J.
Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year Ended December 31, 2013

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Ordinance</u>		<u>Balance, Dec. 31, 2012</u>	<u>Reduced in 2013</u>	<u>Balance, Dec. 31, 2013</u>
		<u>Date</u>	<u>Amount</u>			
2008-32	Various Water Utility Improvements	Sept. 9, 2008	\$ 1,500,000	\$ 1,500,000	1,500,000	
2008-50	Various Water Utility Improvements	Dec. 16, 2008	1,300,000	1,300,000	1,300,000	
2009-31	Central Ave Water Improvements	July 21, 2009	1,700,000	1,700,000	1,564,427	135,573
2010-05	North Hackensack Ave and Stern Ave Water Improvements	Feb. 23, 2010	1,000,000	1,000,000		1,000,000
2012-26	Various Water Utility Improvements	Jun. 26, 2012	1,500,000	1,500,000		1,500,000
				<u>\$ 7,000,000</u>	<u>4,364,427</u>	<u>2,635,573</u>

Projects completed	3,704,040
Cancelled	660,387
	<u>\$ 4,364,427</u>

TOWN OF KEARNY, N.J.

Schedule of Accrued Interest on Bonds, Notes and Loans

Water Utility Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ 161,938
Increased by:	
Budget Appropriation	<u>346,500</u>
	508,438
Decreased by:	
Payments	<u>388,110</u>
Balance, December 31, 2013	<u><u>\$ 120,328</u></u>

<u>Analysis of Balance</u>	<u>Principal Outstanding December 31, 2013</u>	<u>Period</u>	<u>Interest Rate</u>	<u>Required Amount</u>
Serial Bonds	125,000	5 months	5.10%	2,656
Serial Bonds	453,000	5 1/2 months	Various	11,282
Serial Bonds	5,520,000	5 1/2 months	Various	101,750
Serial Bonds	75,000	5 1/2 months	Various	917
Bond Anticipation Notes	6,671,038	137	1.50%	19,886
NJEIT Loan	335,000	5 months	Various	5,594
NJEIT Loan	227,554	5 months	Various	<u>1,737</u>
				<u><u>\$ 143,821</u></u>

TOWN OF KEARNY, N.J.
Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2013

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, Dec. 31, 2012		Balance, Dec. 31, 2013	
				Funded	Unfunded	Funded	Unfunded
2008-32	Various Water Utility Improvements	Sept. 9, 2008	1,500,000		44,884	44,661	(223)
2008-50	Various Water Utility Improvements	Dec. 16, 2008	1,300,000		103,758	90,313	(13,445)
2009-31	Central Ave Water Improvements	July 21, 2009	1,700,000	557,667	224,625		(646,719)
2010-05	North Hackensack Ave and Stern Ave Water Improvements	Feb. 23, 2010	1,000,000		929,236	595,770	119,568
2012-26	Various Water Utility Improvements	Jun. 26, 2012	1,500,000		1,500,000	35,890	1,464,110
				<u>\$ 557,667</u>	<u>2,802,503</u>	<u>766,634</u>	<u>(660,387)</u>
						<u>349,471</u>	<u>1,583,678</u>

Exhibit D-14

TOWN OF KEARNY, N.J.

Schedule of Capital Improvement Fund

Water Utility Capital Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ <u>57,750</u>
Balance, December 31, 2013	\$ <u><u>57,750</u></u>

Exhibit D-15

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ 15,833,945
Increased by:	
Adjustment for Prior Year Rounding	\$ (1)
Payment of Serial Bond Principal	325,000
Paydown on Bond Anticipation Notes	128,962
Payment of NJ Environmental Infrastructure Loan Principal	<u>116,568</u>
	<u>570,529</u>
Balance, December 31, 2013	\$ <u><u>16,404,474</u></u>

TOWN OF KEARNY, N.J.

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

Water Utility Capital Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ 293,859
Decreased by:	
Utilized as Budget Revenue	<u>53,859</u>
Balance, December 31, 2013	<u><u>\$ 240,000</u></u>

TOWN OF KEARNY, N.J.

Schedule of Water Utility Serial Bonds

Water Utility Capital Fund

Year Ended December 31, 2013

Purpose	Date of issue	Original issue	Maturities of bonds outstanding, December 31, 2013		Interest rate	Balance, Dec. 31, 2012	Decreased	Balance, Dec. 31, 2013
			Date	Amount				
Water Bond Series 1997	November 15, 1997	735,000	Aug. 1, 2014-15 Aug. 1, 2016	40,000 45,000	5.10% 5.10%	165,000	40,000	125,000
Acquisition of Water Meters	January 15, 2003	1,463,000	Jan. 15, 2014-15 Jan. 15, 2016	150,000 153,000	5.40% 5.50%	573,000	120,000	453,000
Water Improvements	January 15, 2008	5,925,000	Jan. 15, 2014 Jan. 15, 2015 Jan. 15, 2016 Jan. 15, 2017 Jan. 15, 2018 Jan. 15, 2019 Jan. 15, 2020 Jan. 15, 2021 Jan. 15, 2022 - 26 Jan. 15, 2027	125,000 135,000 150,000 350,000 400,000 425,000 450,000 475,000 500,000 510,000	3.50% 3.50% 3.50% 3.50% 5.25% 4.00% 4.00% 4.00% 4.00% 4.00%	5,655,000	135,000	5,520,000
Water Utility Refunding Bonds	Aug. 5, 2011	105,000	Jan. 15, 2014 Jan. 15, 2015 Jan. 15, 2016	25,000 25,000 25,000	3.00% 3.00% 2.00%	105,000	30,000	75,000
						\$ 6,498,000	325,000	6,173,000

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

Water Utility Capital Fund

Year Ended December 31, 2013

	Original Issue		Maturities of Loans Outstanding, December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
	Date	Amount	Date	Amount				
Trust Share	03/10/10	\$ 365,000	08/01/14	15,000	5.00%	\$ 335,000	15,000	320,000
			08/01/15	15,000	5.00%			
			08/01/16	15,000	5.00%			
			08/01/17	15,000	5.00%			
			08/01/18	15,000	5.00%			
			08/01/19	20,000	4.00%			
			08/01/20	20,000	5.00%			
			08/01/21	20,000	3.00%			
			08/01/22	20,000	4.00%			
			08/01/23	20,000	4.00%			
			08/01/24	20,000	4.00%			
			08/01/25	25,000	4.00%			
			08/01/26	25,000	3.50%			
			08/01/27	25,000	4.00%			
			08/01/28	25,000	4.00%			
			08/01/29	25,000	4.00%			
Fund Share	03/10/10	1,110,375	02/01/14	18,820	*	959,815	478,554	481,261
			08/01/14	37,640	*			
			02/01/15	18,819	*			
			08/01/15	37,640	*			
			02/01/16	18,820	*			
			08/01/16	37,640	*			
			02/01/17	18,819	*			
			08/01/17	37,640	*			
			02/01/18	18,820	*			
			08/01/18	37,640	*			
			02/01/19	18,819	*			
			08/01/19	37,640	*			
			02/01/20	18,820	*			
			08/01/20	37,640	*			
			02/01/21	18,820	*			
			08/01/21	37,640	*			
			02/01/22	18,820	*			
			08/01/22	10,764	*			

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

Water Utility Capital Fund

Year Ended December 31, 2013

	Original Issue Date	Amount	Maturities of Loans Outstanding, December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	Amount				
Trust Share	05/16/12	227,554	08/01/14	10,769	0.35%	227,554	10,746	216,808
			08/01/15	10,807	0.48%			
			08/01/16	10,859	0.58%			
			08/01/17	10,922	0.77%			
			08/01/18	11,006	0.99%			
			08/01/19	11,115	1.21%			
			08/01/20	11,249	1.47%			
			08/01/21	11,415	1.68%			
			08/01/22	11,606	1.84%			
			08/01/23	11,820	1.99%			
			08/01/24	12,055	2.11%			
			08/01/25	12,310	2.23%			
			08/01/26	12,584	2.33%			
			08/01/27	12,877	2.86%			
			08/01/28	13,246	2.95%			
			08/01/29	13,636	3.03%			
			08/01/30	14,050	3.08%			
			08/01/31	14,482	3.14%			
Fund Share	05/16/12	652,878	02/01/14	11,454	*	652,879	34,362	618,517
			08/01/14	22,908	*			
			02/01/15	11,454	*			
			08/01/15	22,908	*			
			02/01/16	11,454	*			
			08/01/16	22,908	*			
			02/01/17	11,454	*			

TOWN OF KEARNY, N.J.

Schedule of New Jersey Wastewater Loan Payable

Water Utility Capital Fund

Year Ended December 31, 2013

Fund Share, cont.	Original Issue		Maturities of Loans Outstanding, December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013	
	Date	Amount	Date	Amount					
05/16/12	08/01/17	22,908	*						
	02/01/18	11,454	*						
	08/01/18	22,908	*						
	02/01/19	11,454	*						
	08/01/19	22,908	*						
	02/01/20	11,454	*						
	08/01/20	22,908	*						
	02/01/21	11,454	*						
	08/01/21	22,908	*						
	02/01/22	11,454	*						
	08/01/22	22,908	*						
	02/01/23	11,454	*						
	08/01/23	22,908	*						
	02/01/24	11,454	*						
	08/01/24	22,908	*						
	02/01/25	11,454	*						
	08/01/25	22,908	*						
	02/01/26	11,454	*						
	08/01/26	22,908	*						
	02/01/27	11,454	*						
	08/01/27	22,908	*						
	02/01/28	11,454	*						
	08/01/28	22,908	*						
	02/01/29	11,454	*						
	08/01/29	22,908	*						
	02/01/30	11,454	*						
	08/01/30	22,908	*						
	02/01/31	11,454	*						
	08/01/31	22,909	*						
							\$ 2,175,248	538,662	1,636,586

TOWN OF KEARNY, N.J.
Schedule of Bond Anticipation Notes Payable
Water Utility Capital Fund
Year Ended December 31, 2013

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
2008-32	Various Water Improvements	June 29, 2010	Aug. 14, 2013	Feb. 21, 2014	1.50%	\$ 1,500,000	1,462,012	1,500,000	1,462,012
2008-33	Water Meter Acquisition	June 29, 2010	Aug. 14, 2013	Feb. 21, 2014	1.50%	1,500,000	1,462,012	1,500,000	1,462,012
2008-50	Various Water Improvements	June 29, 2010	Aug. 14, 2013	Feb. 21, 2014	1.50%	1,300,000	1,247,014	1,300,000	1,247,014
2011-14	Water Utility Infrastructure Imp.	Jun. 28, 2011	Aug. 14, 2013	Feb. 21, 2014	1.50%	1,000,000	1,000,000	1,000,000	1,000,000
2012-26	Various Water Improvements	Dec. 21, 2012	Aug. 14, 2013	Feb. 21, 2014	1.50%	1,500,000	1,500,000	1,500,000	1,500,000
						<u>\$ 6,800,000</u>	<u>6,671,038</u>	<u>6,800,000</u>	<u>6,671,038</u>
						Cash	128,962		
						Renewed	6,671,038	6,671,038	
						\$	<u>6,671,038</u>	<u>6,800,000</u>	

TOWN OF KEARNY, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Year Ended December 31, 2013

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, Dec. 31, <u>2012</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2013</u>
2009-31	Central Ave Water Improvements	\$ 224,625	224,625	
2010-05	North Hackensack Ave and Stern Ave Water Improvements	<u>119,568</u>		<u>119,568</u>
		<u>\$ 344,193</u>	<u>224,625</u>	<u>119,568</u>
		Cancelled via resolution	<u>224,625</u>	
			<u>\$ 224,625</u>	

THIS PAGE INTENTIONALLY LEFT BLANK

Exhibit E-1

TOWN OF KEARNY, N.J.

Schedule of Cash

Public Assistance Trust Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ 27,650
Decreased by:	
Emergency Assistance	<u>975</u>
Balance, December 31, 2013	\$ <u><u>26,675</u></u>

Exhibit E-2

Reserve for Public Assistance Expenditures

Public Assistance Trust Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ 27,650
Decreased by:	
Emergency Assistance	<u>975</u>
Balance December 31, 2013	\$ <u><u>26,675</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF KEARNY

Letters on Compliance and on Internal Control

General Comments and Recommendations

Year Ended December 31, 2013

THIS PAGE INTENTIONALLY LEFT BLANK

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Town of Kearny in the County of Hudson as of and for the year ended December 31, 2013 and the related notes to the financial statements, and have issued our report thereon dated August 20, 2014, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

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



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

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

Compliance and Other Matters

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

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

Purpose of this Report

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



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



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

August 20, 2014



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

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Town of Kearny in the County of Hudson compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2013. The Town of Kearny's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Kearny's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; and the provisions of the New Jersey State Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Those standards and OMB Circular A-133 and N.J. OMB Circular 04-04 require



that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Town of Kearny's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on the Town of Kearny's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Town of Kearny complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the Town of Kearny is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Kearny's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal and state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Kearny's internal control over compliance.

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

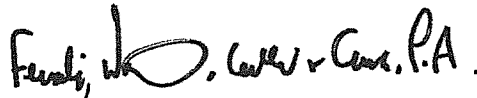
Honorable Mayor and
Members of the Town Council
Page 3.

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

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



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



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

August 20, 2014



THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2012

<u>Program</u>	<u>CFDA number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Expenditures</u>	<u>MEMO Cumulative Total Expenditures</u>
Federal and State Grant Fund:						
U.S. Department of Justice:						
Department of Homeland Security						
FY'10 Port Security Grant - Fire Boat	97.056	2012	\$ 344,653	304,566	(702)	* 304,566
FY'11 Port Security Grant - Response Equipment	97.056	2012	297,000	91,602	92,887	* 92,887
FY'12 Port Security Grant	97.056	2012	21,800		3,780	* 3,780
						*
Emergency Management Assistance	97.042	2010	10,000		1,453	* 10,000
Emergency Management Assistance	97.042	2011	10,000		6,167	* 10,000
Emergency Management Assistance	97.042	2012	10,000		413	* 413
Emergency Management Assistance	97.042	2013	10,000	10,000		* *
						*
COPS Technology Program Grant		2010	200,000			*
						*
Bulletproof Vest Partnership Program	16.607	2013	8,892		2,344	* 2,344
						*
Justice Assistance Grant	16.738	2010	16,586	16,586		* 16,586
Justice Assistance Grant	16.738	2011	13,329	13,329		* 13,329
Justice Assistance Grant	16.738	2012	10,191		1,401	* 1,401
						*
				436,083	107,743	* 455,306

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2012

<u>Program</u>	<u>CFDA number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Expenditures</u>	<u>MEMO</u> Cumulative Total Expenditures
<u>U.S. Department of Law and Public Safety:</u>						*
Drive Sober or Get Pulled Over (Holiday)	20.601	12/6/13-1/2/14	4,400			*
Drive Sober or Get Pulled Over (Labor Day)	20.601	8/16-9/2/13	4,400	4,250	4,250	*
						*
				4,250	4,250	*
<u>U.S. Department of Energy:</u>						*
Energy Efficiency & Conservation Block Grant	81.128	2009	158,600	158,600		*
						*
						*
<u>U.S. Department of Transportation</u>						*
National Highway Traffic Safety Administration						*
Pedestrian Safety Grant	20.609	2013	12,000		1,250	*
						*
						*
Federal Highway Administration(FHWA)						*
Highway Planning and Construction						*
Riverbank Park Bike Trail	20.205	2012	122,790		122,790	*
						*
						*
					124,040	*
						*
Total Federal and State Grant Fund				598,933	236,033	*
						*
						*

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2012

<u>Program</u>	<u>CFDA number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Expenditures</u>	<u>MEMO Cumulative Total Expenditures</u>
						*
<u>Current Fund:</u>						*
U.S. Department of Law and Public Safety						*
FEMA Reimbursement - Hurricane Sandy	97.036	10/30/2012	815,863	357,532	760,808	* 815,863
						*
Total Current Fund				357,532	760,808	* 815,863
						*
<u>General Capital Fund:</u>						*
U.S. Department of Transportation						*
Federal Highway Administration (FHWA)						*
Highway Planning and Construction	20.205	2013	367,560			* 367,560
						*
Total General Capital Fund						*
						*
<u>Water Utility Capital Fund:</u>						*
Department of Environmental Protection - Office of Water						*
Capitalization Grants for Drinking Water, State						*
Revolving Funds - ARRA (Central Ave. Water Imps.)	66.468	2009	782,730			* 782,730
North Hackensack Ave and Stern Ave Water Impr.	66.468	2012	880,432	572,595		* 666,534
						*
Total Water Utility Capital Fund				572,595		* 666,534

TOWN OF KEARNY, N.J.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2012

<u>Program</u>	<u>CFDA number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Expenditures</u>	<u>MEMO</u>
						<u>Cumulative Total Expenditures</u>
<u>Other Trust Fund:</u> Department of Housing and Urban Development (passed through County of Hudson): Community Development Block Grant:						*
						*
						*
						*
						*
Sellers Street Reconstruction - Phase II	14.218	2010	336,762	15,885	375	* 309,020
Kearny/Laurel Avenue Road Construction	14.218	6-03K1-11	192,250			* *
Kearny/Laurel Avenue Road Construction	14.218	6-03K1-12	400,000		28,151	* 28,151
Central Avenue Reconstruction	14.218	6-03K1-13	539,868		19,103	* 19,103
Total Trust Funds				15,885	47,629	* 356,274
Total Federal Awards				\$ 1,544,945	1,044,470	* 2,580,867

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

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2013

	<u>Grant number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2013</u>	<u>MEMO</u> <u>Cumulative Total Expenditures</u>
<u>Federal and State Grant Fund:</u>							
<u>Department of Commerce & Economic Development:</u>							
<u>Urban Enterprise Zone Program:</u>							
Business Development Revolving Loan	2830-763-250120-50	FY2010	600,000	17,438		(52,627)	356,363
Marketing and Zone Promotion - Phase II	2830-763-250120-50	2010	49,800	21,505	40,907	(21,682)	99,716
Marketing and Zone Promotion	2830-763-250120-50	FY2010	500,140		2	(15,613)	500,140
Kearny Avenue Streetscape, Phase V	2830-763-250120-50	FY2011	535,050	94,823	(123,907)		410,147
Public Safety Project-Year 4	2830-763-250120-50	2012	263,180	151,087	151,087		260,733
Administration	2830-763-250120-50	2012	123,608	61,525	35,082		80,146
Business Dev. Revolving Loan Phase V	2830-763-250120-50	2012	250,000				
Clean Project Year 4	2830-763-250120-50	2012	108,000	92,543	92,543		92,543
Administration - FY14	2830-763-250120-50	2013	95,983	17,304	30,922	(13,618)	30,922
Marketing & Zone Promotion Program IV	2830-763-250120-50	2013	73,750		57,119	(57,119)	57,119
Sidewalk Sweeper	2830-763-250120-50	2013	40,000		40,000	(40,000)	40,000
Marketing & Zone Promotion Program IV	2830-763-250120-50	2013	40,000		17,394	(17,394)	17,394
Marketing & Zone Promotion Program V	2830-763-250120-50	2013	110,000				
Clean Project Year 5	2830-763-250120-50	2013	144,000				
Public Safety Year 5 Project	2830-763-250120-50	2013	212,137				
				456,225	341,149	(218,053)	1,945,223
<u>Department of Community Affairs</u>							
Municipal Alliance Program	2000-082-995120-44	2012	42,197	17,779			42,158
Municipal Alliance Program	2000-082-995120-44	2013	61,062	13,122	37,729	(24,607)	37,729
				30,901	37,729	(24,607)	79,887
<u>Department of Environmental Protection</u>							
Clean Communities Program	4900-765-178910-60	2012	44,340		10,486	284	44,056
Clean Communities Program	4900-765-178910-60	2013	51,137	51,137		51,137	51,137

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2013

	<u>Grant number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2013</u>	<u>MEMO Cumulative Total Expenditures</u>
<u>Dept. of Environmental Protection, cont.</u>							
Recycling Tonnage Grant	4900-752-178810-60	2011	54,337		17,410	10,950	43,387
Recycling Tonnage Grant	4900-752-178810-60	2012	64,428		50,361	14,067	50,361
Recycling Tonnage Grant	4900-752-178810-60	2013	59,181	59,181		59,181	
Green Communities Grant (State Forestry Svcs)	PF13-095	2013	3,000				
Hazardous Discharge Site Remediation Fund		2012	47,258	41,103	47,258	(6,155)	47,258
				151,421	125,515	129,464	236,199
		2013	158	158		158	
<u>Department of the Judiciary</u>							
Alcohol Education/Rehabilitation Fund	9735-760-098	2013	158				
<u>Department of Law and Public Safety:</u>							
Drunk Driving Enforcement Fund	4320-100-046-4750-241	FY10	14,755			3,115	11,640
Body Armor Grant	1020-718-001-066	2011	10,214		10,214		10,214
Body Armor Grant	1020-718-001-066	2012	9,519		9,519		9,519
Body Armor Grant	1020-718-001-066	2013	11,688	11,688		11,688	
				11,688			
				11,688	19,733	14,803	31,373
Total State Assistance				650,393	524,126	(98,235)	2,292,682

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2013

	Grant number	Grant period	Award Amount	Cash Received	Budgetary Expenditures	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2013	MEMO Cumulative Total Expenditures
<u>Other Financial Assistance:</u>							
<u>Hudson County:</u>							
Hudson County Health Dept. - Office of the Aging		2012	50,000	46,624			50,000
Hudson County Health Dept. - Office of the Aging		2013	50,000	38,853	38,853		38,853
<u>Open Space Trust Fund:</u>							
Veterans Field House Construction	N/A	FY2009	100,000	3,352	(989)		100,000
Veterans Field House Construction	N/A	FY2009	97,000	4,077			97,000
Library Reading Park Construction	N/A	FY2009	50,000	50,000	50,000		50,000
LEED Improvements at Veteran's Field	N/A	FY2010	175,000	107,196	10,800	(36,124)	143,320
All Season Multipurpose Veteran's Field	N/A	FY2010	350,000	200,000			200,000
All Season Surface - Veteran's Field	PI-07-10	FY2010	100,000				
Development of Riverbank Park	PI-09-10	FY2010	300,000	260,411	274,587	(20,732)	300,000
Veterans Field House Construction	OS-27-07	2007	110,000	110,000			110,000
Kearny Library Garden	PI-03-12	2012	100,000	15,692	100,000	(84,307)	100,000
<u>Other Miscellaneous Local Assistance:</u>							
<u>New Jersey Health Officers Association:</u>							
HINI Corrective Action	N/A						
Jersey Fresh Grant	N/A	2010	1,482			1,482	
NJ Transit Reforestation Plan	N/A	2010	68,400			68,400	
Port Security Grant	N/A	2010	75,000	56,250			75,000
<u>Total Other Financial Assistance</u>							
				892,455	473,251	(71,281)	1,264,173
<u>Total Federal and State Grant Fund</u>							
				1,542,848	997,377	(169,516)	3,556,855

TOWN OF KEARNY, N.J.

Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2013

	<u>Grant number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2013</u>	<u>MEMO Cumulative Total Expenditures</u>
General Capital Fund:							
Department of Transportation:							
Road Improvements and Traffic Signals for Belgrove Dr./Woodland Ave and Seely Ave/Elm St.	480-078-6320-AK-6010	2010-07	400,805	169,944	11,385		364,293
Various Road/Sewer/Intersection Imps. - Wilson and Kearny Avenues - Ord. 2011-13	480-078-6320-AK-6010	2011-13	207,781	207,781		(291,100)	207,781
Various Road Improvements	480-078-6320-AK-6010	2012-27	291,100				291,100
				377,725	11,385	(291,100)	863,174
Green Acres Grant:							
Multi-Park Improvements	4800-533-852000-60	2008-36	500,000	423,275			500,000
				423,275			500,000
Total General Capital Fund				801,000	11,385	(291,100)	1,363,174
Water Utility Capital Fund							
Department of Environmental Protection							
Central Avenue Water Improvements - Infrastructure Trust Financing - Trust Portion		2009	260,910				228,438
Total Water Utility Capital Fund							228,438
Total State Awards/Other Awards				\$ 2,343,848	1,008,762	(460,616)	5,148,467

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

TOWN OF KEARNY
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

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>
Federal/State Grant Fund	\$236,033	\$524,126	\$473,251	\$1,233,410
Current Fund	760,808			760,808
Community Development Grant Fund	47,629			47,629
General Capital Fund		11,385		11,385
	<u>\$1,044,470</u>	<u>\$535,511</u>	<u>\$473,251</u>	<u>\$2,053,232</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. ADJUSTMENTS

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

**TOWN OF KEARNY
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)**

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The Town's federal and state loans outstanding at December 31, 2013, which are not required to be reported on the schedule of expenditures of federal and state awards, are as follows:

<u>Loan Program</u>	<u>Total</u>
State of New Jersey Environmental Infrastructure Trust Loan Program - Capital Fund	\$6,981,329
State of New Jersey Environmental Infrastructure Trust Loan Program - Utility Capital Fund	1,636,586
State of New Jersey Green Acres Bond Act	<u>1,199,766</u>
	<u>\$9,817,681</u>

**TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

adverse: GAAP

unmodified: OCBOR

Internal control over financial reporting:

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

_____ yes X none

reported

2. Material weakness(es) identified?

_____ yes X no

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards Section

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

\$ 300,000

Auditee qualified as low-risk auditee?

X yes _____ no

Type of auditors' report on compliance for major programs:

unmodified

Internal Control over compliance:

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

_____ yes X none reported

2. Material weakness(es) identified?

_____ yes X no

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

_____ yes X no

Identification of major programs:

CFDA Number(s)

97.056

Name of Federal Program or Cluster

FEMA - Hurricane Sandy

**TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

State Awards Section

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

\$ 300,000

Auditee qualified as low-risk auditee?

 X yes no

Type of auditors' report on compliance for major programs:

unmodified

Internal Control over compliance:

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

 yes X none
 reported

2. Material weakness(es) identified?

 yes X no

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

 yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

2830-763-25012-50

Urban Enterprise Zone Program

**TOWN OF KEARNY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(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

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF KEARNY
GENERAL COMMENTS

Contracts and Agreements

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

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to 25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (I) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

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

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

TOWN OF KEARNY

GENERAL COMMENTS, (continued)

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

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

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

Harrison Avenue Pumping Station Wet Well Cleaning	Fireworks Display
Purchase of Fire Hydrants	Readvertisement for Fireworks Display
CDBG Kearny Ave Resurfacing	CDBG Central Ave Resurfacing
DPW Sidewalk Sweeper (Section 3)	Water Meter Reading, Billing, Collections and Customer Services
Large Dump Truck and Plow	Large Stainless Steel Salter for DPW
Sidewalk Replacement and Repair	Security Services
Skid Steer Loader	Pick-Up with Lift Gate
Hot Box with Roller, Dual Burner Recycler and 15 Gallon Tack Tank	Snow Plowing and Snow Shoveling

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

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

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

TOWN OF KEARNY

GENERAL COMMENTS, (continued)

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on February 5, 2013 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 20, 2013 and was complete.

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

TOWN OF KEARNY

GENERAL COMMENTS, (continued)

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

<u>Year</u>	<u>Number of Liens</u>
2013	18
2012	16
2011	17

Verification of Delinquent Taxes and Other Charges

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

The results of the test, which was made as of December 31, 2013, is not yet known, but a separate report will be rendered if any irregularities were developed.

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

TOWN OF KEARNY
OTHER COMMENTS

Finance:

- 1.* Intra-funds between the Escrow, Other Trust and Affordable Housing Trust Funds have not been liquidated.
- 2.* 1099's are not being issued to all vendors/individuals that were compensated in excess of \$600 in violation of IRS regulations.
- 3.* There are stale dated checks being carried as reconciling items in the following accounts:
 - Net Payroll Account
 - Current Fund Account
 - Water Utility Account
 - Other Trust Account
 - Umpire Account
- 4.* Monthly bank reconciliations are not being prepared for the following accounts:
 - Board of Health Marriage Licenses Account
 - Board of Health Burial Permits Account
- 5.* Completed W-4 Forms for selected individuals were unable to be located for review.
6. There is a reconciled cash deficit in the Tax Collector Redemption Trust Account.
7. Competitive quotes are not being obtained for all purchases above the mandatory threshold.
8. Bids were not solicited or provided for review for the following:
 - Traffic Signal Repair
 - Asbestos Removal
9. There is a current year deficit in the water utility operating fund of \$40,386.
10. Current year water utility appropriation for principal on bond anticipation notes was over-expended by \$64,507.

Departments:

Municipal Clerk

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

TOWN OF KEARNY
OTHER COMMENTS (cont.).

Building Department

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

Municipal Court

- 1.* The analysis of open bail per the ATS/ACS reports is not in agreement with the reconciled cash balance at year end.
- 2.* Agency checks are not always being issued by the 15th of the following month of receipt.
3. According to the Municipal Court December Management report there are 103 complaints eligible for FTA over 14 days.

TOWN OF KEARNY
RECOMMENDATIONS

Finance:

- 1.* The various intra-funds between the Escrow, Other Trust and Affordable Housing Trust Funds be investigated and either liquidated, raised and/or cancelled via resolution.
- 2.* A 1099 be issued to all vendors/individuals that were compensated in excess of \$600 in accordance with IRS regulations.
- 3.* All stale dated checks be reviewed and cancelled by resolution if necessary.
- 4.* The Board of Health Marriage Licenses and Burial Permit Fees accounts be reconciled on a monthly basis.
- 5.* All completed W-4 forms be maintained and made available for review.
6. Steps be taken to fund the reconciled cash deficit in the Tax Collector Redemption Trust Account.
7. Quotes be obtained for all purchases exceeding the threshold as mandated by the Local Public Contracts Law.
8. Bids are solicited for all purchases that exceed the bid threshold as stipulated under the Local Public Contracts Law.
9. Town officials take the necessary steps to ensure the water utility operating fund is self-liquidating and to fund the current year's operating deficit.
10. Proper oversight of budget appropriation balances be maintained to ensure over-expenditures of available balances are not incurred.

TOWN OF KEARNY
RECOMMENDATIONS (cont.).

Departments:

Municipal Clerk

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

Building Department

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

Municipal Court

- 1.* Court officials reconcile the Bail on Account per ATS/ACS to the reconciled cash balance at month end to ensure balances are in agreement.
- 2.* Disbursements to the appropriate agencies be made by the 15th of the following month of collection.
3. Complaints eligible for FTA over 14 days be investigated and processed in a timely manner.

TOWN OF KEARNY

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

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

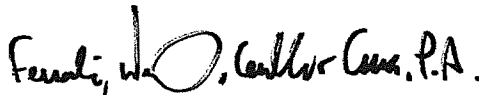
The problems and weaknesses noted in our audit were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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

Respectfully submitted,



Steven D. Wielkottz
Registered Municipal Accountant
No. CR00413



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

August 20, 2014