

**REPORT OF AUDIT**  
**BOROUGH OF KENILWORTH**  
**COUNTY OF UNION**  
**DECEMBER 31, 2009**

# **BOROUGH OF KENILWORTH, N.J.**

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**BOROUGH OF KENILWORTH**

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**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2009**

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## **INDEPENDENT AUDITOR'S REPORT**

June 30, 2010

The Honorable Mayor and  
Members of the Borough Council  
Borough of Kenilworth  
Kenilworth, New Jersey 07033

We have audited the accompanying balance sheets-regulatory basis of the various funds and account group of the Borough of Kenilworth in the County of Union, as of and for the years ended December 31, 2009 and 2008, and the related statements of operations and changes in fund balance-regulatory basis for the years then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2009. These financial statements are the responsibility of the Borough of Kenilworth's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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



Honorable Mayor and  
Members of the Borough Council  
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The Length of Service Awards Program of the Borough of Kenilworth has not been audited, and we were not engaged to audit The Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

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

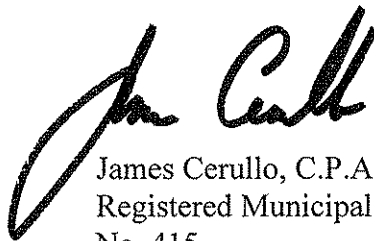
In our opinion, because of the Borough of Kenilworth's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Kenilworth, New Jersey as of December 31, 2009 and 2008 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above, with the exception of the Length of Services Awards Program present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of Kenilworth, New Jersey at December 31, 2009 and 2008, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended December 31, 2009, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 30, 2010 on our consideration of the Borough of Kenilworth's, New Jersey internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Honorable Mayor and  
Members of the Borough Council  
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Our audit was for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, schedules and exhibits listed in the table of contents are not required parts of the financial statements, but are presented as additional analytical data, as required by the Division of Local Government Services. This information has been subjected to the tests and other auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.



James Cerullo, C.P.A.  
Registered Municipal Accountant  
No. 415



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





## Borough of Kenilworth , N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 3,138,499.25	2,291,582.15
Change Fund	A-6	250.00	200.00
		<u>3,138,749.25</u>	<u>2,291,782.15</u>
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-21	<u>3,489.16</u>	<u>5,935.78</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	304,627.43	239,625.02
Tax Title Liens Receivable	A-9	90,439.87	85,768.16
Property Acquired for Taxes -			
Assessed Valuation	A-10	17,100.00	17,100.00
Revenue Accounts Receivable	A-11	13,965.12	13,269.11
Prepaid Local School Tax	A-19	297,683.90	155,013.38
Interfund Receivables:			
Assessment Trust Fund	A-12	34,517.56	
Community Development Fund	A-12	425.94	2,381.88
Dog License Fund	A-12	905.51	904.08
Other Trust Fund	A-12	<u>45,570.64</u>	<u>44,740.95</u>
		<u>805,235.97</u>	<u>558,802.58</u>
Deferred Charges:			
Various Overexpenditures	A-13	8,087.47	
Special Emergency Authorization	A-14	<u>60,000.00</u>	
		<u>68,087.47</u>	
		<u>4,015,561.85</u>	<u>2,856,520.51</u>
Federal and State Grant Fund:			
Cash	A-5	60,803.32	78,281.32
Grants Receivable	A-15	<u>204,681.24</u>	<u>293,088.00</u>
		<u>265,484.56</u>	<u>371,369.32</u>
Total Assets		<u>\$ 4,281,046.41</u>	<u>3,227,889.83</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

## Borough of Kenilworth , N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-16	388,619.79	368,991.58
Encumbrances Payable	A-17	93,030.26	82,686.59
Prepaid Taxes	A-18	88,213.98	56,891.16
County Taxes Payable	A-20	10,697.96	5,207.01
Interfund - Unemployment Trust Fund	A-12	9,393.28	9,393.28
Interfund - Assessment Trust Fund	A-12		416.27
Interfund - General Capital Fund	A-12	18,929.02	41,563.45
Tax Overpayments	A-22		2,476.59
Accounts Payable	A-22	9,558.34	9,558.34
Reserve for:			
Master Plan	A-22	63,007.43	3,007.43
Revaluation of Real Property	A-22	8,525.50	8,525.50
Preparation of Tax Map	A-22	4,826.88	4,826.88
Sale of Municipal Assets	A-22	634,000.00	
Elevator Inspection Agency Fee	A-22	37,782.30	34,136.00
LOSAP Contributions	A-22	7,704.06	5,720.59
Purchase of Video Equipment	A-22	2,304.79	2,304.79
		<u>1,376,593.59</u>	<u>635,705.46</u>
Reserve for Receivables	Contra	805,235.97	558,802.58
Fund Balance	A-1	<u>1,833,732.29</u>	<u>1,662,012.47</u>
		<u>4,015,561.85</u>	<u>2,856,520.51</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	237,850.74	362,240.78
Unappropriated Reserve for Grants	A-24	27,633.82	9,128.54
		<u>265,484.56</u>	<u>371,369.32</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,281,046.41</u>	<u>3,227,889.83</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

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

## Current Fund

for the Years Ended December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 800,000.00	1,521,000.00
Miscellaneous Revenue Anticipated	A-2	3,100,550.98	2,191,332.34
Receipts from Delinquent Taxes	A-2	203,460.98	271,657.59
Receipts from Current Taxes	A-2	32,599,771.56	30,964,140.53
Non-Budget Revenue	A-2	101,529.17	215,282.73
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-16	220,151.85	32,119.47
Interfunds Returned	A-12	48,026.91	47,083.29
Cancellation of Appropriated Grants	A-21	35,852.84	
Total Revenues and Other Income		<u>37,109,344.29</u>	<u>35,242,615.95</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	5,132,913.05	4,852,199.15
Other Expenses	A-3	6,186,479.53	6,486,807.12
Capital Improvement Fund	A-3	85,000.00	55,000.00
Municipal Debt Service	A-3	928,813.86	895,777.50
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	994,078.70	280,449.23
Local District School Tax	A-19	15,452,210.50	15,097,627.00
County Taxes including Added Taxes	A-20	7,004,557.00	6,629,050.27
Refund of Prior Year Revenues			32,366.59
Cancellation of Grants Receivable	A-15	42,555.75	
Reserve for Prepaid Local School Taxes	A-19	297,683.90	155,013.38
Interfund Advances	A-12	81,419.65	48,026.91
Total Expenditures		<u>36,205,711.94</u>	<u>34,532,317.15</u>
Excess (Deficit) Revenue Over Expenditures		903,632.35	710,298.80
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			
Charges to Budget of Succeeding Year		<u>68,087.47</u>	
Statutory Excess to Fund Balance		971,719.82	710,298.80

Borough of Kenilworth , N.J.

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

## Current Fund

for the Years Ended December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Fund Balance, January 1,	A	<u>1,662,012.47</u>	<u>2,472,713.67</u>
		2,633,732.29	3,183,012.47
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>800,000.00</u>	<u>1,521,000.00</u>
Fund Balance, December 31,	A	<u>\$ 1,833,732.29</u>	<u>1,662,012.47</u>

**Borough of Kenilworth , N.J.**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2009**

	Ref.	Budget	Realized	Excess or (Deficit)
	A-1	\$	800,000.00	800,000.00
Fund Balance Anticipated				
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	18,000.00	18,277.20	277.20
Other	A-2	21,000.00	21,040.25	40.25
Fees and Permits				
Other	A-2	35,000.00	57,254.00	22,254.00
Fines and Costs:				
Municipal Court	A-11	175,000.00	198,813.36	23,813.36
Interest and Costs on Taxes	A-4	80,000.00	69,096.01	(10,903.99)
Cable T.V. Franchise Taxes	A-11	40,000.00	78,203.75	38,203.75
Video Game Fees	A-11	350.00	2,485.00	2,135.00
Trailer Storage Fees	A-11	6,300.00	5,125.00	(1,175.00)
Uniform Fire Safety Act (Local Fees)	A-11	6,522.00	14,214.00	7,692.00
Energy Receipts Tax	A-11	999,063.00	999,063.00	
Consolidated Municipal Property Tax Relief Aid	A-11	277,282.00	277,282.00	
Uniform Construction Code Fees	A-11	135,000.00	179,801.00	44,801.00
Special Items of General Revenue Anticipated				
With Prior written Consent of Director of				
Local Government Services:				
Public and Private Revenues:				
Drunk Driving Enforcement Fund	A-15	4,494.04	4,494.04	
Clean Communities Program	A-15	9,872.20	9,872.20	
Alcohol Education and Rehabilitation Fund	A-15	1,178.00	1,178.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-15	17,744.00	17,744.00	
Body Armor Replacement Program	A-15	2,914.52	2,914.52	
Hang Up Just Drive	A-15	4,000.00	4,000.00	
Other Special Items:				
Uniform Fire Safety Act	A-11	45,281.05	43,680.27	(1,600.78)
Sale of Municipal Assets	A-22	906,000.00	906,000.00	
Prior Year Prepaid School Taxes	A	155,013.38	155,013.38	
Assessment Trust Surplus	A-4	35,000.00	35,000.00	
Total Miscellaneous Revenues	A-1	2,975,014.19	3,100,550.98	125,536.79
Receipts from Delinquent Taxes	A-1/A-2	230,002.48	203,460.98	(26,541.50)
Subtotal General Revenues		4,005,016.67	4,104,011.96	98,995.29
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal				
Purposes Including Reserve for Uncollected Taxes	A-2	10,079,181.00	10,616,528.56	537,347.56
Budget Totals		14,084,197.67	14,720,540.52	636,342.85
Non-Budget Revenue	A-1/A-2		101,529.17	101,529.17
		\$ 14,084,197.67	14,822,069.69	737,872.02
		A-3		

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

**Borough of Kenilworth , N.J.**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2009**

Analysis of Realized Revenues

Revenue from Collections	Ref. A-1/A-8	\$ 32,599,771.56
Allocated to School and County Taxes	A-8	<u>22,808,243.00</u>
Balance for Support of Municipal Budget Appropriations		9,791,528.56
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>825,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 10,616,528.56</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-8	203,460.98
Tax Title Liens	A-9	<u>                    </u>
	A-2	<u>\$ 203,460.98</u>
Licenses - Other:		
Clerk	A-11	\$ 5,916.00
Board of Health	A-11	<u>15,124.25</u>
	A-2	<u>\$ 21,040.25</u>
Fees and Permits - Other:		
Clerk	A-11	2,850.00
Police	A-11	6,995.00
Street Opening Fees	A-11	37,000.00
Variances / Tax Searches	A-11	310.00
Building / Zoning Fees	A-11	6,929.00
Board of Health	A-11	<u>3,170.00</u>
	A-2	<u>\$ 57,254.00</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

**Borough of Kenilworth , N.J.**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2009**

Analysis of Non-budget Revenues

	<u>Ref.</u>		
Miscellaneous Revenues Not Anticipated:			
Revenues Accounts Receivable:			
Clerk - Maps , Building Codes , etc.	A-11	\$	7,201.14
Interest on Investments	A-11		<u>15,390.67</u>
		\$	22,591.81
Hotel Occupancy Tax			57,987.56
Board of Health Miscellaneous			29.92
Smoke Detector Inspections			1,290.00
Recording Fee			644.00
Senior Citizen & Veteran Deduction Handling Fee			2,525.00
Returned Check Fee			180.00
Duplicate Tax Bills			100.00
Interest on Assessments			89.18
DMV Fines			3,029.00
Copies, Other Miscellaneous Items			10,255.10
Various Reimbursements			<u>2,807.60</u>
	A-4		<u>78,937.36</u>
	A-2	\$	<u><u>101,529.17</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

## Borough of Kenilworth, N.J.

## Statement of Expenditures - Regulatory Basis

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## Current Fund

Year Ended December 31, 2009

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>	<u>Over-expended</u>
Operations - within "CAPS"							
GENERAL GOVERNMENT:							
Mayor and Council	\$	1,000.00	1,200.00	1,180.00	20.00		
Salaries and Wages		9,500.00	9,500.00	5,787.25	3,712.75		
Other Expenses							
Municipal Clerk's Office							
Salaries and Wages		163,000.00	163,000.00	161,983.21	1,016.79		
Other Expenses		41,600.00	41,600.00	38,198.68	3,401.32		
Tax and Finance							
Salaries and Wages		175,000.00	175,000.00	173,891.04	1,108.96		
Other Expenses		23,100.00	16,700.00	15,259.99	1,440.01		
Auditing and Accounting Services							
Other Expenses		29,925.00	29,925.00	23,006.25	6,918.75		
Assessment of Taxes							
Salaries and Wages		27,600.00	27,600.00	27,566.10	33.90		
Other Expenses		6,275.00	1,275.00	342.85	932.15		
Legal Services							
Other Expenses - Retainer		20,000.00	20,000.00	20,000.00			
Other Expenses		60,000.00	71,500.00	62,979.43	8,520.57		
Engineering Services and Costs							
Salaries and Wages		6,900.00	6,900.00	6,325.00	575.00		
Other Expenses - Retainer		60,000.00	60,000.00	55,000.00	5,000.00		
Other Expenses		32,000.00	32,000.00	31,143.75	856.25		
MUNICIPAL LAND USE : (N.J.S. 40:55D-11)							
Planning Board							
Other Expenses		11,600.00	11,600.00	11,208.48	391.52		
Revision of Master Plan (Emergency \$60,000.00)			60,000.00	60,000.00			
INSURANCE:							
Other Insurance Premiums		346,295.00	326,295.00	324,330.87	1,964.13		
Employee Group Health Insurance		1,369,500.00	1,369,500.00	1,373,554.77			4,054.77
Unemployment Compensation Insurance		30,000.00	30,000.00	30,000.00			
Municipal Court:							
Salaries and Wages		143,000.00	143,000.00	136,276.19	6,723.81		
Other Expenses		12,450.00	13,200.00	12,350.92	849.08		



## Borough of Kenilworth, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2009

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled	Over-expended
Public Defender Salaries and Wages		5,000.00	5,000.00		5,000.00		
PUBLIC SAFETY:							
Police							
Salaries and Wages		3,023,000.00	3,046,000.00	3,025,490.10	20,509.90		
Other Expenses		98,500.00	90,000.00	88,568.02	1,431.98		
Traffic Control and School Crossing Guards							
Salaries and Wages		180,000.00	175,200.00	175,128.77	71.23		
Other Expenses		28,750.00	10,750.00	8,785.89	1,964.11		
Emergency Management Services							
Other Expenses		3,000.00	3,100.00	3,099.58	0.42		
Contribution to First Aid/Rescue Squad		15,000.00	15,000.00	15,000.00			
Inspection of Oil Burners							
Salaries and Wages		300.00	300.00		300.00		
Fire							
Salaries and Wages		3,500.00	5,000.00	5,000.00			
Other Expenses		306,375.00	306,725.00	306,687.21	37.79		
Fire Prevention Bureau							
Salaries and Wages		49,503.05	48,003.05	46,819.84	1,183.21		
Other Expenses		2,300.00	1,950.00	1,449.96	500.04		
Borough Prosecutor							
Salaries and Wages		11,500.00	11,500.00	11,499.96	0.04		
PUBLIC WORKS FUNCTIONS:							
Road Repairs and Maintenance							
Salaries and Wages		750,000.00	777,500.00	777,404.91	95.09		
Other Expenses		70,550.00	70,550.00	59,888.56	10,661.44		
Snow Removal							
Other Expenses		20,000.00	24,300.00	24,269.67	30.33		
SANITATION:							
Garbage and Trash Removal							
Salaries and Wages		186,000.00	215,200.00	215,191.44	8.56		
Other Expenses		32,350.00	30,150.00	29,431.00	719.00		
Recycling							
Other Expenses		195,529.00	195,529.00	181,494.05	14,034.95		

## Borough of Kenilworth, N.J.

## Statement of Expenditures - Regulatory Basis

Page 3 of 7

## Current Fund

Year Ended December 31, 2009

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>	<u>Over-expended</u>
Public Buildings and Grounds							
Salaries and Wages		60,000.00	53,000.00	51,798.38	1,201.62		
Other Expenses		50,000.00	46,000.00	45,328.48	671.52		
Sewer System							
Other Expenses		20,000.00	11,000.00	9,623.60	1,376.40		
Shade Trees							
Other Expenses		26,500.00	26,600.00	26,591.00	9.00		
Parks							
Other Expenses		5,400.00	5,400.00	5,272.21	127.79		
HEALTH AND WELFARE:							
Board of Health							
Salaries and Wages		76,500.00	76,500.00	74,901.00	1,599.00		
Other Expenses		24,555.00	20,555.00	16,886.42	3,668.58		
Dog and Cat Regulation							
Other Expenses		15,875.00	15,875.00	14,695.37	1,179.63		
Administration of Public Assistance							
Salaries and Wages		14,500.00	14,500.00	14,096.40	403.60		
Other Expenses		2,600.00	2,600.00	1,273.63	1,326.37		
Senior Citizens' Transportation							
Salaries and Wages		20,000.00	20,000.00	19,373.50	626.50		
Other Expenses		1,000.00	1,000.00	308.11	691.89		
Senior Citizen Director							
Salaries and Wages		7,000.00	7,000.00	6,000.00	1,000.00		
Other Expenses		7,500.00	7,500.00	7,063.80	436.20		
Handyman Program							
Other Expenses		2,000.00					
RECREATION AND EDUCATION:							
Parks and Playgrounds							
Salaries and Wages		20,000.00	17,000.00	5,245.69	11,754.31		
Other Expenses		23,600.00	23,600.00	23,562.41	37.59		
OTHER COMMON OPERATING FUNCTIONS:							
Celebration of Public Events Anniversary or Holiday							
Other Expenses		13,500.00	12,450.00	12,351.03	98.97		

## Borough of Kenilworth , N.J.

## Statement of Expenditures - Regulatory Basis

Page 4 of 7

## Current Fund

Year Ended December 31, 2009

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>	<u>Over-expended</u>
Beautification							
Other Expenses		2,000.00	2,000.00		2,000.00		
UNIFORM CONSTRUCTION CODE:							
Construction Code Official							
Salaries and Wages		70,000.00	69,000.00	67,992.57	1,007.43		
Other Expenses		5,300.00	6,100.00	5,765.54	334.46		
Building Inspector							
Salaries and Wages		28,500.00	27,000.00	27,000.00			
Plumbing Inspector							
Salaries and Wages		14,500.00	14,500.00	13,783.95	716.05		
Other Expenses		200.00	200.00		200.00		
Electrical Inspector							
Salaries and Wages		13,500.00	13,500.00	13,263.90	236.10		10.00
Other Expenses		200.00	200.00	210.00			
Fire Protection Official							
Salaries and Wages		14,500.00	14,500.00	13,614.46	885.54		
Other Expenses		200.00	200.00	190.93	200.00		
Zoning Enforcement Officer							
Salaries and Wages		6,000.00	6,000.00	6,000.00	9.07		
Other Expenses		200.00	200.00				
Housing Inspector							
Salaries and Wages		10.00	10.00		10.00		
UNCLASSIFIED:							
Utility Expenses/Bulk Purchases							
Utilities		294,200.00	294,200.00	230,875.85	63,324.15		
Street Lighting		145,000.00	145,000.00	109,116.50	35,883.50		
Fire Hydrant Service		133,000.00	133,000.00	131,250.00	1,750.00		
Solid Waste Disposal Costs		300,000.00	300,000.00	243,705.83	56,294.17		
Total Operations within "CAPS"		8,967,742.05	9,027,742.05	8,742,734.30	289,072.52		4,064.77
Total Operations Including Contingent within "CAPS"		8,967,742.05	9,027,742.05	8,742,734.30	289,072.52		4,064.77

## Borough of Kenilworth, N.J.

## Statement of Expenditures - Regulatory Basis

Page 5 of 7

Current Fund						
Year Ended December 31, 2009						
	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled

## Borough of Kenilworth, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2009

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>	<u>Over- expended</u>
Detail:							
Salaries & Wages	A-1	2,287,585.76	2,287,585.76	2,197,258.10	90,327.66		
Other Expenses	A-1	<u>2,287,585.76</u>	<u>2,287,585.76</u>	<u>2,197,258.10</u>	<u>90,327.66</u>		
PROOF:							
Capital Improvements:							
Capital Improvement Fund		50,000.00	50,000.00	50,000.00			
Improvements to 16th Street Park		25,000.00	25,000.00	21,789.37	3,210.63		
Purchase of Recreation Equipment		10,000.00	10,000.00	3,991.02	6,008.98		
Total Capital Improvements Excluded from "CAPS"	A-1	<u>85,000.00</u>	<u>85,000.00</u>	<u>75,780.39</u>	<u>9,219.61</u>		
Municipal Debt Service:							
Payment of Bond Principal		650,000.00	650,000.00	650,000.00			
Payment of Bond Anticipation Notes		240,232.50	240,232.50	240,232.50			
Interest on Bonds		38,581.36	38,581.36	38,581.36			
Interest on Notes		928,813.86	928,813.86	928,813.86			
Total Municipal Debt Service-Excluded from "CAPS"	A-1	<u>1,856,626.72</u>	<u>1,856,626.72</u>	<u>1,856,626.72</u>			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		<u>3,301,399.62</u>	<u>3,301,399.62</u>	<u>3,201,852.35</u>	<u>99,547.27</u>		
Subtotal General Appropriations		<u>13,259,197.67</u>	<u>13,319,197.67</u>	<u>12,938,665.35</u>	<u>388,619.79</u>		8,087.47
Reserve for Uncollected Taxes		825,000.00	825,000.00	825,000.00			
Total General Appropriations		<u>\$ 14,084,197.67</u>	<u>14,144,197.67</u>	<u>13,763,665.35</u>	<u>388,619.79</u>		8,087.47
			<u>A-2</u>		<u>A</u>		<u>A-1/A-13</u>
Adopted Budget	A-2	14,084,197.67	14,084,197.67				
Special Emergency Authorization	A-1/A-14	<u>60,000.00</u>	<u>60,000.00</u>				
		<u>14,144,197.67</u>	<u>14,144,197.67</u>				

Exhibit A-3

Borough of Kenilworth , N.J.  
Statement of Expenditures - Regulatory Basis  
Current Fund  
Year Ended December 31, 2009

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>	<u>Over- expended</u>
<u>Analysis of Paid or Charged</u>							
Cash Disbursed	A-4			12,745,432.33			
Reserve for Master Plan	A-22			60,000.00			
Encumbrances Payable	A-17			93,030.26			
Reserve for Uncollected Taxes	A-2			825,000.00			
Reserve for Grants	A-23			<u>40,202.76</u>			
				<u>\$ 13,763,665.35</u>			

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

**Borough of Kenilworth , N.J.**  
**Comparative Balance Sheet - Regulatory Basis**  
**Trust Funds**  
**December 31, 2009 and 2008**

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Assessment Fund:			
Cash	B-2/B-3	\$ 187,373.53	251,188.64
Assessments Receivable	B-4	149,159.96	260,411.02
Interfund - Current Fund	B-7		416.27
		<u>336,533.49</u>	<u>512,015.93</u>
Dog License Fund:			
Cash	B-2	<u>7,736.91</u>	<u>5,775.68</u>
		<u>7,736.91</u>	<u>5,775.68</u>
Other Trust Funds:			
Cash - Other	B-2	603,258.76	676,035.88
Cash - Community Development	B-2	11,136.92	9,413.91
Cash - Unemployment Insurance	B-2	36,698.97	40,582.10
Cash - Payroll	B-2	5,463.41	5,431.05
Due from Union County Comm. Develop.	B-6	14,853.81	15,431.65
Interfund - Current Fund	B-7	9,393.28	9,393.28
		<u>680,805.15</u>	<u>756,287.87</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Cash in Plan	B-2	314,855.35	231,522.61
Contributions Receivable	B-16	36,800.00	42,550.00
		<u>351,655.35</u>	<u>274,072.61</u>
Total Assets		\$ <u>1,376,730.90</u>	<u>1,548,152.09</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

## Borough of Kenilworth , N.J.

## Comparative Balance Sheet - Regulatory Basis

Page 2 of 2

## Trust Funds

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Assessment Fund:			
Interfund - General Capital Fund	B-7	\$ 209,821.36	384,821.36
Interfund - Current Fund	B-7	34,517.56	
Assessment Overpayments		3.97	3.97
Reserve for Assessments and Liens	B-8	9,580.05	24,054.02
Fund Balance	B-1	82,610.55	103,136.58
		<u>336,533.49</u>	<u>512,015.93</u>
Dog License Fund:			
Interfund - Current Fund	B-7	905.51	904.08
Reserve for Dog Fund Expenditures	B-9	6,831.40	4,871.60
		<u>7,736.91</u>	<u>5,775.68</u>
Other Trust Fund:			
Interfund - Current Fund (Community Dev.)	B-7	425.94	2,381.88
Interfund - Current Fund (Other)	B-7	45,570.64	44,740.95
Tax Sale Premiums	B-11	183,700.00	69,200.00
State Building Surcharge Fees	B-11	3,216.00	2,913.00
Conservation Fund	B-11	88.37	88.37
Performance Deposits	B-11	6,033.00	6,033.00
Inflow Infiltration	B-11	57,919.00	57,919.00
Reserve for Police Radios , Vests & Weapons	B-11	189.62	189.62
Traffic Light Maintenance Fund	B-11	486.09	486.09
Donations for Police Equipment	B-11	3,475.59	2,982.59
Forfeited Funds Police - County	B-11	178,452.00	207,904.07
Forfeited Funds Police - Federal	B-11	3,749.37	4,949.37
Due to State - Marriage Surcharge Fees	B-11	150.00	325.00
Due to State - Burial Permit Fees	B-11	50.00	50.00
Municipal Court - P.O.A.A.	B-11	394.90	92.90
Recreation Donations - Tennis	B-11	6,440.00	825.00
Paving and Sewer Maintenance Escrow	B-11	7,482.50	7,482.50
Escrow Deposits	B-11	41,722.70	150,374.73
Fire Prevention Penalties	B-11	10,300.00	7,050.00
Municipal Alliance Donations	B-11	729.85	729.85
Pride in Kenilworth Donations	B-11	9,279.35	7,847.39
Street Opening Deposits	B-11	3,500.00	4,000.00
Building Department Escrow Deposits	B-11	9,500.00	9,500.00
County Environmental Health Act	B-11	864.15	17,685.35
Kenilworth Wrestling Club	B-11	1,927.04	1,927.04
Public Defender Fees	B-11	2,126.50	2,393.00
Outside Police Duty	B-11	7,825.75	52,533.40
Board of Health Clinics	B-11	20,974.62	17,144.08
Donations for National Night Out	B-11	25.00	25.00
Tase Grant	B-11	1,814.50	1,923.00
Centennial	B-11	3,165.48	3,165.48
Unidentified	B-11	56.93	56.93
Payroll Deductions Payable	B-12	5,463.41	5,431.05
Reserve for:			
Community Development	B-13	11,927.32	10,275.57
Unemployment Insurance	B-14	46,092.25	49,975.38
Beatification	B-15	2,484.00	2,484.00
Youth Commission	B-15	3,037.53	3,037.53
Park Revitalization	B-15	165.75	165.75
		<u>680,805.15</u>	<u>756,287.87</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-17	351,655.35	274,072.61
		<u>351,655.35</u>	<u>274,072.61</u>
Total Liabilities, Reserves & Fund Balance		\$ <u>1,376,730.90</u>	<u>1,548,152.09</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.



**Exhibit B-1**

**Borough of Kenilworth , N.J.**

**Schedule of Fund Balance - Regulatory Basis**

**Assessment Trust Fund**

**Year Ended December 31, 2009**

Balance - December 31, 2008	<u>Ref.</u> B	\$ 103,136.58
Increased by:		
Collection of Unpledged Assessments	B-4	<u>14,473.97</u>
		117,610.55
Decreased by:		
Payment to Current Fund as Anticipated Revenue	B-2	<u>35,000.00</u>
Balance - December 31, 2009	B	\$ <u>82,610.55</u>

The accompanying "Notes to Financial Statements" are an integral  
are an integral part of these Financial Statements.

**Borough of Kenilworth , N.J.**  
**Comparative Balance Sheet - Regulatory Basis**  
**General Capital Fund**  
**December 31, 2009 and 2008**

<u>Assets</u>	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Cash	C-2/C-3	\$ 1,380,588.57	1,268,910.86
Due from State of New Jersey - Transportation Trust Fund	C-4	152,473.75	246,750.00
Due from Union County Community Development	C-4	34,942.00	84,942.00
Due from Borough of Roselle Park	C-4	11,833.72	11,833.72
Deferred Charges to Future Taxation:			
Funded	C-5	5,415,000.00	6,065,000.00
Unfunded	C-6	3,742,098.09	2,704,698.09
Prospective Assessments Raised by Taxation	C-7	3,050.00	3,050.00
Due from Assessment Trust Fund	C-8	209,821.36	384,821.36
Due from Current Fund	C-9	18,929.02	41,563.45
		<u>10,968,736.51</u>	<u>10,811,569.48</u>
Total Assets		\$ 10,968,736.51	10,811,569.48
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-10	5,415,000.00	6,065,000.00
Bond Anticipation Notes	C-11	3,482,000.00	2,119,855.00
Improvement Authorizations:			
Funded	C-12	691,605.08	838,015.11
Unfunded	C-12	1,311,709.75	1,695,677.69
Capital Improvement Fund	C-13	24,968.81	29,568.81
Reserve for:			
Preliminary Improvement Costs-			
Drainage Facilities	C-14	5,973.00	5,973.00
Various Improvements	C-15	16,490.00	16,490.00
Prospective Assessments Raised by Taxation	Contra	3,050.00	3,050.00
Fund Balance	C-1	17,939.87	37,939.87
		<u>10,968,736.51</u>	<u>10,811,569.48</u>
Total Liabilities, Reserves and Fund Balance		\$ 10,968,736.51	10,811,569.48

Footnote: There was Authorized but not Issued Debt at December 31, 2009  
of \$496,455.09 per Exhibit C-16.

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

## Borough of Kenilworth , N.J.

## Statement of Changes in Fund Balance - Regulatory Basis

## General Capital Fund

Year Ended December 31, 2009

	<u>Ref.</u>		
Balance - December 31, 2008	C	\$	37,939.87
Decreased by:			
Appropriated to Finance Improvement			
Authorization	C-12	<u>20,000.00</u>	<u>20,000.00</u>
Balance - December 31, 2009	C/C-3	\$	<u><u>17,939.87</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

**Exhibit E**

**Borough of Kenilworth , N.J.**  
**Comparative Balance Sheet - Regulatory Basis**  
**Public Assistance Fund**  
**December 31, 2009 and 2008**

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Cash - Public Assistance	E-1	\$ 9,505.89	9,140.67
Cash - Community Fund	E-7	<u>2,261.73</u>	<u>2,573.54</u>
Total Assets		<u>\$ 11,767.62</u>	<u>11,714.21</u>
<u>Liabilities</u>			
Reserve for Public Assistance	E-6	9,505.89	9,140.67
Reserve for Community Fund	E-7	<u>2,261.73</u>	<u>2,573.54</u>
Total Liabilities		<u>\$ 11,767.62</u>	<u>11,714.21</u>

The accompanying "Notes to Financial Statements" are an integral part of  
these Financial Statements.

## GENERAL FIXED ASSET ACCOUNT GROUP

Exhibit F

Borough of Kenilworth , N.J.

## Comparative Statement of General Fixed Assets

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>General Fixed Assets:</u>		
Land	\$ 4,517,100.00	\$ 4,517,100.00
Buildings	1,934,500.00	1,934,500.00
Machinery and Equipment	<u>5,581,059.88</u>	<u>5,020,070.53</u>
	<u>\$ 12,032,659.88</u>	<u>\$ 11,471,670.53</u>
 Investment in Fixed Assets	 <u>\$ 12,032,659.88</u>	 <u>\$ 11,471,670.53</u>

See accompanying notes to financial statements.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**

**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 generally accepted accounting principles (GAAP).

The financial statements of the Borough of Kenilworth 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 a comprehensive basis of accounting other than generally accepted accounting principles. 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 Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

**A. Reporting Entity**

The Borough of Kenilworth (the "Borough") operates under a Mayor/Council form of government. The Borough'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 Borough do not include the Volunteer Fire Department, First Aid Squad and the Free Public Library which is considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

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

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

The Borough 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 Borough 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 Borough has the following funds:

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 Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Assessment Trust - This fund deals with the handling of special assessment levies against property for the cost of an improvement, the whole or a part of which costs are levied against the property receiving the benefit.

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

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

Emergency Services Volunteer Length of Service Award Program - This fund is used to account for the cumulative payments to participant's in the emergency services volunteer length of service award program including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

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 Borough pursuant to Title 44 of New Jersey Statutes.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

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

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

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

**Basis of Accounting**

A modified accrual basis of accounting is followed by the Borough of Kenilworth. 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 generally accepted accounting principles (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 Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.



**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

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

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

**Basis of Accounting, (continued)**

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough'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 Borough'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. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

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

General Capital Fund	Trust Funds
Public Assistance Fund	

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. 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 2009, the Borough increased the original budget by \$60,000.00. The increase was funded by a special emergency authorization of \$60,000.00 for revision of the Borough's Master Plan. In addition, several budget transfers were approved by the governing body.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

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

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

**Basis of Accounting, (continued)**

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

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

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

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

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

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.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

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

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

**Basis of Accounting, (continued)**

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 costs 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 Borough 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 Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual 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.

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

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

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

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

**Basis of Accounting, (continued)**

Use of Estimates - The preparation of financial statements requires management of the Borough 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 those 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 Borough'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 Borough 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.

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough'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, 2009, \$-0- of the Borough's bank balance of \$5,570,144.40 was exposed to custodial credit risk.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

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

**Investments**

**Investment Rate Risk**

The Borough 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.

New Jersey Cash Management Fund - all investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of December 31, 2009, the Borough had \$1,888,963.26 on deposit with the New Jersey Cash Management Fund.

**Concentration of Credit Risk**

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

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

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

**Unaudited Investments**

As more fully described in Note 14, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2009 and 2008 amounted to \$314,855.35 and \$231,522.61, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Money Market	\$53,659.24	\$51,347.97
Fixed	53,297.19	43,179.25
Growth	121,269.36	75,784.26
Growth and Income	38,570.99	28,015.89
All Others	<u>48,058.57</u>	<u>33,195.24</u>
Total	<u>\$314,855.35</u>	<u>\$231,522.61</u>

**NOTE 3. MUNICIPAL DEBT**

Long-term debt as of December 31, 2009 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$6,065,000.00	\$	\$650,000.00	\$5,415,000.00	\$640,000.00
Other Liabilities - Compensated Absences Payable	<u>678,692.96</u>	<u>67,479.61</u>	<u>49,862.62</u>	<u>696,309.95</u>	<u>                    </u>
	<u>\$6,743,692.96</u>	<u>\$67,479.61</u>	<u>\$699,862.62</u>	<u>\$6,111,309.95</u>	<u>\$640,000.00</u>

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

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

Summary of Municipal Debt

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 Borough are general obligation bonds, backed by the full faith and credit of the Borough. 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.

Summary of Municipal Debt, (continued)

The Borough's debt is summarized as follows:

	<u>Year 2009</u>	<u>Year 2008</u>	<u>Year 2007</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$8,897,000.00	\$8,184,855.00	\$6,695,000.00
Total Issued	8,897,000.00	8,184,855.00	6,695,000.00
<u>Less:</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	96,777.09		
	<u>8,800,222.91</u>	<u>8,184,855.00</u>	<u>6,695,000.00</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	260,098.09	584,843.09	2,094,534.55
Assessment:			
Bonds and Notes	236,357.00	236,357.00	6,790.17
Total Authorized But Not Issued	<u>496,455.09</u>	<u>821,200.09</u>	<u>2,101,324.72</u>
Net Bonds and Notes Issued and			
Authorized But Not Issued	<u>\$9,296,678.00</u>	<u>\$9,006,055.09</u>	<u>\$8,796,324.72</u>

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(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 .48%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$16,015,000.00	\$16,015,000.00	\$0.00
General Debt	<u>9,393,455.09</u>	<u>96,777.09</u>	<u>9,296,678.00</u>
	<u>\$25,408,455.09</u>	<u>\$16,111,777.09</u>	<u>\$9,296,678.00</u>

Net Debt \$9,296,678.00 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,944,680,765.67 equals .48%.

Borrowing Power under N.J.S. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$68,063,826.79
Net Debt	<u>9,296,678.00</u>
Remaining Borrowing Power	<u>\$58,767,148.79</u>

The Borough's long term debt consisted of the following at December 31, 2009:

<u>Paid by Current Fund</u>	<u>Amount Outstanding</u>
General Serial Bonds - General Serial Bonds with an interest rate of 5.10% issued February 1, 1997, due through February 1, 2012	\$660,000.00
General Serial Bonds - General Serial Bonds issued August 15, 2003, due through August 15, 2018 with variable interest rates from 3.25% to 4.00%	1,926,000.00
General Serial Bonds - General Serial Bonds issued February 15, 2007, due through February 15, 2021 with variable interest rates from 3.75% to 4.00%	<u>2,829,000.00</u>
	<u>\$5,415,000.00</u>



**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

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

General Capital Serial Bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough.

In addition to the above, the Borough had authorized but not issued debt as follows:

General Capital	\$ <u>496,455.09</u>
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**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding**

	General		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$640,000.00	\$213,937.50	\$853,937.50
2011	560,000.00	187,492.50	747,492.50
2012	585,000.00	163,522.50	748,522.50
2013	475,000.00	144,225.00	619,225.00
2014	475,000.00	125,875.00	600,875.00
2015	475,000.00	107,200.00	582,200.00
2016	475,000.00	88,200.00	563,200.00
2017	475,000.00	69,200.00	544,200.00
2018	476,000.00	50,200.00	526,200.00
2019	260,000.00	31,160.00	291,160.00
2020	260,000.00	20,760.00	280,760.00
2021	<u>259,000.00</u>	<u>10,360.00</u>	<u>269,360.00</u>
	<u>\$5,415,000.00</u>	<u>\$1,212,132.50</u>	<u>\$6,627,132.50</u>

**NOTE 4. BOND ANTICIPATION NOTES**

The Borough 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.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 4. BOND ANTICIPATION NOTES, (continued)**

On December 31, 2009, the Borough had \$3,482,000.00 in outstanding general capital bond anticipation notes that mature on December 15, 2010 at an interest rate of 1.00%.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2009.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Wachovia Bank	<u>\$2,119,855.00</u>	<u>\$3,482,000.00</u>	<u>\$2,119,855.00</u>	<u>\$3,482,000.00</u>

**NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2009, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2009</u>	<u>2010 Budget Appropriation</u>	<u>Balance to Succeeding Years</u>
Current Fund:			
Special Emergency Authorization	\$60,000.00	\$12,000.00	\$48,000.00
Overexpenditure of Appropriations	<u>8,087.47</u>	<u>8,087.47</u>	<u>                    </u>
	<u>\$68,087.47</u>	<u>\$20,087.47</u>	<u>\$48,000.00</u>

**NOTE 6. DEFERRED SCHOOL TAXES**

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough of Kenilworth has elected to defer local school district taxes as follows:

	<u>Balance December 31,</u>	
	<u>2009</u>	<u>2008</u>
Balance of Tax	\$7,604,159.10	\$7,395,354.20
Deferred	<u>7,901,843.00</u>	<u>7,550,367.50</u>
Tax Payable/(Prepaid)	<u>(\$297,683.90)</u>	<u>(\$155,013.30)</u>

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 7. PENSION PLANS**

Description of Systems:

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

*Public Employees' Retirement System (PERS)*

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

*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.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

Description of Systems, (continued)

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

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

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Borough of Kenilworth did not opt for this deferral.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2009	\$161,008.00	\$607,048.00
2008	119,367.00	567,637.00
2007	69,239.40	365,221.60

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

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

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

Defined Contribution Retirement Program, (continued)

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

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS. A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

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

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

**NOTE 8. OTHER POST EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 7, the Borough provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

**Plan Description**

The Borough of Kenilworth 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 reimbursement to retirees and their covered dependents.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)**

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>

**Plan Coverage**

Any employee who retires after twenty-five (25) years or more of service within a state administered pension system including 20 years with the Borough 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 Borough. This does not include dental benefits.

**Funding Policy**

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

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough of on a monthly basis. The rates charges by the system for the year ended December 31, 2009 were as follows:

The Borough of Kenilworth contributions to SHBP for post-retirement benefits for the years ended December 31, 2009 and 2008 were \$275,590.62 and \$286,348.57, respectively, which equaled the required contributions for each year.

**NOTE 9. FUND BALANCES**

Fund balances as of December 31, 2009 that have been anticipated as revenue in the 2009 budget is as follows:

Current Fund	<u>\$985,000.00</u>
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**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 10. FIXED ASSETS**

The following is a summary of changes in the general fixed asset account group for the year 2009.

	Balance Dec. 31, 2008	<u>Additions</u>	<u>Deletions</u>	Balance Dec. 31, 2009
Land	\$4,517,100.00		\$	\$4,517,100.00
Buildings and Improvements	1,934,500.00			1,934,500.00
Machinery and Equipment	<u>5,020,070.53</u>	<u>\$560,989.35</u>		<u>5,581,059.88</u>
	<u>\$11,471,670.53</u>	<u>\$560,989.35</u>	<u>\$0.00</u>	<u>\$12,032,659.88</u>

**NOTE 11. ACCRUED SICK AND VACATION BENEFITS**

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused sick pay over the life of their working careers up to a maximum of 150 days. Of the days accumulated one-third will be paid as terminal leave upon retirement.

The estimated current cost of such unpaid compensation is \$696,309.95. This amount which could be material to the financial statements, is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's operating budget in the year it is used.

**NOTE 12. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at December 31, 2009 consists of the following:

\$9,393.28	Due to the Unemployment Trust Fund from the Current Fund for Unemployment Trust receipts deposited in the Current Fund.
45,570.64	Due to the Current Fund from the Other Trust Fund for Other Trust Fund Bills paid by the Current Fund and interest not turned over.
34,517.56	Due to the Current Fund from the Assessment Trust Fund for Assessment Trust Fund surplus anticipated as revenue in the Current Fund.
18,929.02	Due to the General Capital Fund from the Current Fund for General Capital receipts deposited in the Current Fund.
425.94	Due to the Current Fund from the Community Development Fund for Community Development Fund bills paid by the Current Fund.
<u>905.41</u>	Due to the Current Fund from the Animal License Trust for the interest not turned over.
<u>\$109,741.85</u>	

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



**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 13. OPERATING LEASES**

The Borough has commitments to lease copiers under an operating lease that expires in 2009. Total operating lease payments made during the year ended December 31, 2009 were \$4,051.80. Future minimum lease payments are as follows:

	<u>Amount</u>
Year ending December 31,	
2010	\$3,938.64
2011	3,938.64
2012	3,938.64
2013	<u>1,969.32</u>
Total future minimum lease payments	<u>\$13,785.24</u>

**NOTE 14. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)**

On January 17, 2001, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$1,150.00 to each eligible volunteer who accumulates a minimum of 350 service points based on criteria established by Borough Ordinance No. 2000-17. The Borough's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2009 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 15. RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur.. During the 2009 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Kenilworth is currently a member of the Garden State Municipal Joint Insurance Fund (the "Fund"). The Fund provides their members with Liability, Property and Workers' Compensation and Employer Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self administered group of municipalities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of the Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Financial statements for the Fund are available at the office of the Fund's Executive Director, NIP Group, Inc., Woodbridge, New Jersey.

**NOTE 16. 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, 2009</u>	<u>Balance</u> <u>Dec 31, 2008</u>
Prepaid Taxes	<u>\$88,213.98</u>	<u>\$56,891.16</u>
Cash Liability for Taxes Collected in Advance	<u>\$88,213.98</u>	<u>\$56,891.16</u>

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 17. COMMITMENTS AND CONTINGENT LIABILITIES**

The Borough is involved in suits in the normal course of business. These cases, if decided against the Borough, would be paid for by its insurance carrier or with funds raised by future taxation.

## **SUPPLEMENTARY DATA AND SCHEDULES**

## COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Tax Rate:</u>	<u>3.724</u>	<u>3.538</u>	<u>3.418</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	1.142	1.073	0.979
County	0.759	0.719	0.693
County Open Space	0.033	0.032	0.031
Local School	1.790	1.714	1.715

### Assessed Valuation:

2009	\$882,901,043		
2008		\$881,551,373.00	
2007			\$880,223,723.00

## COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2009	\$32,926,959.17	\$32,599,771.56	99.01%
2008	31,211,235.28	30,964,140.53	99.21
2007	30,146,550.11	29,857,693.40	99.04

## DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2009	\$90,439.87	\$304,627.43	\$395,067.30	1.20%
2008	85,768.16	239,625.02	325,393.18	1.04
2007	87,630.46	268,391.43	356,021.89	1.18

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

No properties have been acquired in 2009 by foreclosure or deed as a result of liquidation of tax title liens.

The value of properties acquired by liquidation 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>
2009	\$17,100.00
2008	17,100.00
2007	17,100.00

### **COMPARATIVE SCHEDULE OF FUND BALANCES**

<u>Year</u>	<u>Current Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
2009	\$1,833,732.29	\$985,000.00
2008	1,662,012.47	800,000.00
2007	2,472,713.67	1,521,000.00
2006	2,311,020.86	1,340,000.00
2005	2,606,563.48	1,640,000.00

## 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>
Kathi Fiamingo	Mayor	
Salvatore Candarella	Councilman	
Scott Klinder	Councilman	
Kevin Leary, Jr.	Councilman	
Brian Joho	Councilman	
Fred Pugliese	Councilman	
Toncia Sosnosky	Councilwoman	
Harvey Fruchter, Esq.	Attorney	
Ken Blum	Chief Financial Officer	
Hedy Lipke	Borough Clerk	
Joanne Szelingiewicz	Court Administrator	\$20,000.00
Nancy Nichols	Tax Collector/Treasurer	\$170,000.00
Paul Parsons	Tax Assessor	
Thomas Vitale	Judge	\$20,000.00
Paulette Drogan	Welfare Director	
Jon Henry Barr, III	Prosecutor	
Grotto Engineering Associates	Engineer	

The bonds in force which were in corporate form were examined and were properly executed.

In addition to the separate surety bonds covering the Collector-Treasurer, Magistrate and Clerk of Municipal Court, there was a Public Employees Faithful Performance Blanket Position Bond covering other officials and employees for a sum of \$10,000.00 each.

SCHEDULE A

BOROUGH OF KENILWORTH, N.J.

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2009

Name of Federal Agency or Department	Federal Program	C.F.D.A. Account No.	Total Grant Award Amount	Original Grant Period		Balance Jan. 1, 2009	Receipts	Expended	Balance Dec. 31, 2009	Memo Cumulative Total Expenditures
				From	To					
Department of Housing and Urban Development  Pass Through Funds: Union County	Community Development Block Grant	14.218	2,144.00	9/1/2008	8/31/2009	(574.50)	2,144.00	1,569.50	*	2,144.00
		14.218	8,780.00	9/1/2008	8/31/2009	(4,109.99)	8,780.00	4,670.01	*	8,780.00
		14.218	3,000.00	9/1/2008	8/31/2009	(471.59)	2,070.19	1,598.60	0.00	2,070.19
		14.218	2,144.00	9/1/2009	8/31/2010			426.50	(426.50)	426.50
		14.218	8,780.00	9/1/2009	8/31/2010			2,499.99	(2,499.99)	2,499.99
		14.218	3,000.00	9/1/2009	8/31/2010					
		14.218	135,000.00	5/1/2004	2/28/2005	(18,452.00)		50,000.00	(18,452.00)	100,058.00
		14.218	50,000.00	9/1/2006	8/31/2007		50,000.00	50,000.00		50,000.00
		14.218	50,000.00	9/1/2007	8/31/2008		50,000.00	50,000.00		50,000.00
Department of Homeland Security & Office for Domestic Preparedness Pass Through Funds: Union County	Fire Act Grant	97.044	24,804.00	1/1/2005	12/31/2008					23,975.00
Department of Environmental Protection	Municipal Stormwater Regulation	66.605	8,468.00			237.43			237.43	8,230.57
U.S. Department of Transportation	Hang Up Just Drive Click It or Ticket	20.609 20.602	4,000.00 4,000.00				4,000.00 4,000.00	4,000.00	4,000.00	4,000.00
U.S. Department of Justice Pass thru State of N.J.	Bulletproof Vest Partnership Program Bulletproof Vest Partnership Program	16.607 16.607	2,497.50 324.50			1,780.50 324.50			1,780.50 324.50	717.00
						(21,265.65)	120,994.19	114,764.60	(15,036.06)	252,901.25

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH FEDERAL OMB CIRCULAR A-133.



## BOROUGH OF KENILWORTH, N.J.

## SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2009

State Funding Department	State Program	State Grant (Award) No.	Grant Award Amount	Grant Period		Balance Jan. 1, 2009	Receipts	Expended	Balance Dec. 31, 2009	Memo Cumulative Total Expenditures
				From	To					
Department of Environmental Protection	Clean Communities Program	4900-765-042-4900-04	8,776.10	1/1/2008	12/31/2008	541.98	11,903.62	541.98	5,124.84	8,776.10
	Clean Communities Program	4900-765-042-4900-04	11,903.62	1/1/2009	12/31/2009			6,778.78	1,491.74	6,778.78
	Recycling Tonnage Grant	4900-752-042-4900	4,059.32			1,491.74			8,580.83	2,567.58
	Recycling Tonnage Grant	4900-752-042-4900	8,580.83			8,580.83	17,067.77		17,067.77	
Department of Law and Public Safety	Body Armor Fund	1020-718-066-1020	5,514.41			2,176.78		2,176.78		5,514.41
	Body Armor Fund	1020-718-066-1020	2,825.39			2,825.39		2,706.22	119.17	2,706.22
	Body Armor Fund	1020-718-066-1020	3,220.17			3,220.17			3,220.17	
	Body Armor Fund	1020-718-066-1020	2,914.52			2,914.52			2,914.52	
	Drunk Driving Enforcement Fund	1110-101-030000-129040	5,312.55			1,230.80		1,230.80	2,396.93	5,312.55
	Drunk Driving Enforcement Fund	1110-101-030000-129040	4,901.25			4,901.25		2,504.32	4,494.04	2,504.32
	Drunk Driving Enforcement Fund	1110-101-030000-129040	4,494.04			4,494.04			3,667.78	
	Drunk Driving Enforcement Fund	1110-101-030000-129040	3,667.78				3,667.78			
	Municipal Alliance on Alcoholism and Drug Abuse	07-ALL-103	16,373.00			(3,731.62)			(3,731.62)	16,373.00
	Municipal Alliance on Alcoholism and Drug Abuse	08-ALL-103	16,075.00							12,547.62
Department of Community Affairs	Alcohol, Education & Rehab Fund	9735-760-060000	3,914.27			2,074.67		2,074.67	825.33	1,839.60
	Alcohol, Education & Rehab Fund	9735-760-060000	825.33			825.33			1,296.75	
	Alcohol, Education & Rehab Fund	9735-760-060000	1,296.75			1,296.75			1,178.00	
	Alcohol, Education & Rehab Fund	9735-760-060000	1,178.00			1,178.00			324.87	
	Alcohol, Education & Rehab Fund	9735-760-060000	324.87				324.87		(50,000.00)	50,000.00
	Statewide Livable Communities - Library	05-100-022-8030	50,000.00			(29,352.79)		20,647.21	(26,274.32)	74,109.68
	Statewide Livable Communities - Capital Improv.	05-100-022-8030	190,000.00				47,834.76	74,109.68	1,328.91	198,671.09
	Special Purpose Grant - Firehouse	8050-100-022-874	200,000.00			1,328.91			1,237.45	24,244.46
	Special Purpose Grant - Senior Center	100-022-8050-306	25,481.91			1,237.45			9,971.84	15,028.16
	Rodent Extermination	8030-100-04-88-20	25,000.00			9,971.84			7,535.04	92,463.96
Department of Treasury	Special Purpose Grant - Firehouse Expansion	9420-100-094-050	100,000.00			7,535.04			11.50	112,488.50
	Domestic Preparedness Equipment Grant	9420-100-094-047	112,500.00			11.50				
Department of Human Services	General Assistance Program	7500-150-158010-60	10,723.00			6,114.78	18,676.12	18,315.48	6,475.42	18,315.48
Department of Transportation	Municipal Aid Program - Carnegie Street	6320-480-078-6320	187,000.00			(46,750.00)		184,035.00	(46,750.00)	187,000.00
	North 20th Street/Carnegie	6320-480-078-6320	200,000.00				138,026.25		(46,008.75)	184,035.00
	South 31st Street	6320-480-078-6320	175,000.00				131,250.00		131,250.00	
							365,751.17	313,046.25	39,823.28	1,021,276.51

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH N.J. OMB CIRCULAR 04-04.

**Borough of Kenilworth , N.J.**  
**Schedule of Cash - Collector-Treasurer**  
**Current Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>		<u>Current Fund</u>
Balance - December 31, 2008	A		\$ 2,291,582.15
Increased by Receipts:			
Interest and Costs on Taxes	A-2	69,096.01	
Assessment Trust Surplus	A-2	35,000.00	
Miscellaneous Revenue Not Anticipated	A-2	78,937.36	
Appropriated Grants Cancelled	A-5	35,852.84	
Petty Cash	A-7	250.00	
Taxes Receivable	A-8	32,622,538.00	
Revenue Accounts Receivable	A-11	1,917,830.64	
Interfunds	A-12	171,679.44	
Prepaid Taxes	A-17	88,213.98	
Due From State - Senior Citizen and Veteran Deductions	A-20	126,250.00	
Various Cash Liabilities and Reserves	A-21	<u>1,653,252.54</u>	
			<u>36,798,900.81</u>
			<u>39,090,482.96</u>
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	12,745,432.33	
Grants Receivable - Cancelled	A-5	42,555.75	
Interfunds	A-12	228,122.88	
Appropriation Reserves	A-15	231,526.32	
Change Fund	A-6	50.00	
Petty Cash	A-7	250.00	
Local District School Taxes	A-18	15,594,881.02	
County Taxes Payable	A-19	6,999,066.05	
Various Cash Liabilities and Reserves	A-21	<u>110,099.36</u>	
			<u>35,951,983.71</u>
Balance - December 31, 2009	A		<u><u>3,138,499.25</u></u>

Borough of Kenilworth , N.J.  
Schedule of Cash - Collector-Treasurer  
Grant Fund  
Year Ended December 31, 2009

	<u>Ref.</u>		<u>Grant Fund</u>
Balance - December 31, 2008	A	\$	78,281.32
Increased by Receipts:			
Grants Receivable	A-13	76,925.23	
Grants Receivable - Cancelled	A-4/A-15	42,555.75	
Unappropriated Reserve for Grants	A-23	<u>27,633.82</u>	
			<u>147,114.80</u>
			<u>225,396.12</u>
Decreased by Disbursements:			
Appropriated Reserve for Grants	A-22	128,739.96	
Cancellation of Appropriated Grants	A-24	<u>35,852.84</u>	
			<u>164,592.80</u>
Balance - December 31, 2009	A		<u><u>60,803.32</u></u>

**Exhibit A-6**

**Borough of Kenilworth , N.J.**  
**Schedule of Cash - Change Fund**  
**Current Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	A	\$ 200.00
Increased by:		
Disbursed	A-4	<u>50.00</u>
Balance - December 31, 2009	A	\$ <u>250.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		100.00
Municipal Court		<u>150.00</u>
		\$ <u>250.00</u>

**Exhibit A-7**

**Schedule of Cash - Petty Cash**  
**Current Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Increased by:		
Disbursed	A-4	\$ <u>250.00</u>
Decreased by:		
Returned to Treasurer	A-4	\$ <u>250.00</u>

## Borough of Kenilworth, N.J.

## Schedule of Taxes Receivable and Analysis of Property Tax Levy

## Current Fund

## Year Ended December 31, 2009

Year	Balance, Dec. 31, 2008	Levy	Added Taxes	Collected	2009	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2009
2007	250.00				250.00			35,752.32	411.72
2008	239,375.02				208,460.98			35,752.32	411.72
	239,625.02				208,710.98	(5,250.00)			
2009		32,879,235.27	47,723.90	56,891.16	32,413,827.02	129,053.38	4,671.71	18,300.19	304,215.71
	239,625.02	32,879,235.27	47,723.90	56,891.16	32,622,538.00	123,803.38	4,671.71	54,052.51	304,627.43
	A			A-2/A-18	A-2/A-4	A-2/A-21	A-9		A

## Analysis of Tax Levy

Tax yield:	Ref.
General Property Tax	32,857,991.97
Public Utility Tax	21,243.30
Added Tax (R.S. 54:4-63.1 et seq.)	47,723.90
	\$ 32,926,959.17

Tax Levy:	
Local District School Tax	A-19
County Tax	A-20
County Open Space Tax	A-20
Added County Taxes including Open Space	A-20
	A-2
	A-2
Local Tax for Municipal Purposes	
Additional Taxes	
	10,079,181.00
	39,535.17
	\$ 32,926,959.17

**Exhibit A-9****Borough of Kenilworth , N.J.****Schedule of Tax Title Liens****Current Fund****Year Ended December 31, 2009**

Balance - December 31, 2008	<u>Ref.</u> A	\$ 85,768.16
Increased by:		
Transfer from Taxes Receivable	A-8	<u>4,671.71</u>
Balance - December 31, 2009	A	\$ <u><u>90,439.87</u></u>

**Exhibit A-10****Schedule of Property Acquired for  
Taxes Assessed Valuation****Current Fund****Year Ended December 31, 2009**

Balance - December 31, 2008	<u>Ref.</u> A	\$ <u>17,100.00</u>
Balance - December 31, 2009	A	\$ <u><u>17,100.00</u></u>

## Borough of Kenilworth, N.J.

## Schedule of Revenue Accounts Receivable

## Current Fund

Year Ended December 31, 2009

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Clerk:					
Licenses:	A-2 \$		18,277.20	18,277.20	
Alcoholic beverages	A-2		5,916.00	5,916.00	
Other	A-2		2,850.00	2,850.00	
Fees and Permits	A-2		2,485.00	2,485.00	
Video Games	A-2		7,201.14	7,201.14	
Misc. - Maps, Building Codes, etc.					
Board of Health:					
Licenses	A-2		15,124.25	15,124.25	
Fees and Permits	A-2		3,170.00	3,170.00	
Fire Prevention Bureau:					
Uniform Fire Safety Act (Local Fees)	A-2		14,214.00	14,214.00	
Police Department:					
Fees and Permits	A-2		6,995.00	6,995.00	
Municipal Court :					
Fines and Costs	A-2	13,269.11	199,509.37	198,813.36	13,965.12
Uniform Construction Code:					
Fees and Permits	A-2		179,801.00	179,801.00	
Trailer Storage Fees	A-2		5,125.00	5,125.00	
Street Opening Fees	A-2		37,000.00	37,000.00	
Variances / Tax Search Fees	A-2		310.00	310.00	
Building / Zoning Miscellaneous Fees	A-2		6,929.00	6,929.00	
Energy Receipts Tax	A-2		999,063.00	999,063.00	
Consolidated Municipal Property Tax					
Relief Aid	A-2		277,282.00	277,282.00	

## Borough of Kenilworth , N.J.

## Schedule of Revenue Accounts Receivable

## Current Fund

Year Ended December 31, 2009

	Ref.	Balance Dec. 31, 2008	Accrued	Collected	Balance Dec. 31, 2009
Cable T.V. Franchise Fee	A-2		78,203.75	78,203.75	
Uniform Fire Safety Act (Life Hazard Use)	A-2		43,680.27	43,680.27	
Interest on Investments and Deposits	A-2		15,390.67	15,390.67	
	\$	<u>13,269.11</u>	<u>1,918,526.65</u>	<u>1,917,830.64</u>	<u>13,965.12</u>
		A			A
Receipts	A-4			<u>1,917,830.64</u>	
				<u>1,917,830.64</u>	



## Borough of Kenilworth , N.J.

## Schedule of Interfunds

## Current Fund

Year Ended December 31, 2009

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance			Due From/(To) Balance	
		<u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2009</u>	
Unemployment Trust	A	\$ (9,393.28)			(9,393.28)	
Dog License Trust	A	904.08	11.91	10.48	905.51	
Assessment Trust Fund	A	(416.27)	34,933.83		34,517.56	
Community Development Trust	A	2,381.88		1,955.94	425.94	
Other Trust	A	44,740.95	5,406.58	4,576.89	45,570.64	
General Capital Fund	A	(41,563.45)	187,770.56	165,136.13	(18,929.02)	
		<u>\$ (3,346.09)</u>	<u>228,122.88</u>	<u>171,679.44</u>	<u>53,097.35</u>	
<u>Analysis</u>						
Due to Current Fund	A/A-1	48,026.91			81,419.65	
Due from Current Fund		(51,373.00)			(28,322.30)	
		<u>(3,346.09)</u>			<u>53,097.35</u>	
Disbursed	A-4		228,122.88			
Received	A-4			171,679.44		
			<u>228,122.88</u>	<u>171,679.44</u>		

## Schedule of Deferred Charges

## Current Fund

Year Ended December 31, 2009

	<u>Dec. 31, 2008</u>	<u>2009 Budget</u>	<u>Resulting From 2009</u>	<u>Balance, Dec. 31, 2009</u>
Overexpenditure of Appropriations			8,087.47	8,087.47
	<u>A</u>	<u>A-3</u>	<u>8,087.47</u>	<u>8,087.47</u>

Borough of Kenilworth, N.J.

Schedule of Deferred Charges N.J.S.A. 40A:4-55 - Special Emergency

Current Fund

Year Ended December 31, 2009

<u>Date authorized</u>	<u>Purpose</u>	<u>Amount authorized</u>	<u>1/5 of net amount authorized</u>	<u>Balance, Dec. 31, 2008</u>	<u>Added in 2009</u>	<u>Balance, Dec. 31, 2009</u>
2/11/2009	Master Plan	\$ 60,000.00	12,000.00		60,000.00	60,000.00
		\$ 60,000.00	12,000.00	0.00	60,000.00	60,000.00
					A-3	A

## Borough of Kenilworth , N.J.

## Schedule of Grants Receivable

## Federal and State Grant Fund

## Year Ended December 31, 2009

<u>Grant</u>	<u>Balance, Dec. 31, 2008</u>	<u>Budget Revenue</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance, Dec. 31, 2009</u>
Clean Communities Grant		9,872.20	9,872.20		
Drunk Driving Enforcement Fund		4,494.04	4,494.04		
Municipal Alliance on Alcoholism and Drug Abuse		17,744.00	13,291.00	25.00	11,687.00
Alcohol Education and Rehabilitation Fund	7,259.00	1,178.00	1,178.00		
N.J. Division of Criminal Justice - Body Armor		2,914.52	2,914.52		
Fire Act Grant	829.00				829.00
Hang Up Just Drive Grant		4,000.00	4,000.00		
Union County - Kids Recreation 16th St. Park	25,000.00		2,469.25	22,530.75	
Statewide Livable Communities - Library	50,000.00				50,000.00
Statewide Livable Communities	190,000.00		47,834.76		142,165.24
Union County - Recreation Grant	10,000.00			10,000.00	
Union County - Kids Recreation Equipment	10,000.00			10,000.00	
	<u>\$ 293,088.00</u>	<u>40,202.76</u>	<u>86,053.77</u>	<u>42,555.75</u>	<u>204,681.24</u>
	<u>A</u>	<u>A-2</u>		<u>A-1/A-5</u>	<u>A</u>
Transfer from Unappropriated Reserve for Grants			9,128.54		
Receipts			76,925.23		
			<u>86,053.77</u>		

**Borough of Kenilworth , N.J.**  
**Schedule of Appropriation Reserves**

**Current Fund**

Page 1 of 2

**Year Ended December 31, 2009**

	Balance, Dec. 31, <u>2008</u>	Balance after Encumbrances and Transfers	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Municipal Clerk's Office	\$ 664.60	664.60		664.60
Tax and Finance	1,424.50	1,424.50		1,424.50
Assessment of Taxes	1.23	1.23		1.23
Engineering Services and Costs	75.00	3,600.00	3,500.00	100.00
Police	6,263.16	6,578.16	2,335.92	4,242.24
Traffic Control and School Crossing Guards	209.00	209.00		209.00
Inspector of Oil Burners	300.00	300.00		300.00
Fire	3,650.00	1,250.00		1,250.00
Fire Prevention Bureau	8.54	8.54		8.54
Road Repairs and Maintenance	2,706.96	14,056.96	13,914.50	142.46
Garbage and Trash Removal	363.52	2,763.52	2,740.15	23.37
Public Buildings and Grounds	3,521.68	3,521.68	697.78	2,823.90
Board of Health	12,488.11	8,888.11		8,888.11
Administration of Public Assistance	111.94	111.94		111.94
Senior Citizen Transportation	1,197.63	1,197.63		1,197.63
Municipal Court	2,828.28	2,828.28		2,828.28
Public Defender	5,000.00	5,000.00		5,000.00
Parks and Playgrounds	8,677.94	927.94		927.94
Construction Code Official	1,773.53	1,773.53		1,773.53
Plumbing Inspector	348.69	348.69		348.69
Electrical Inspector	131.75	131.75		131.75
Fire Protection Official	586.71	586.71		586.71
Housing Inspector	10.00	10.00		10.00
Total Salaries and Wages Within "CAPS"	<u>52,342.77</u>	<u>56,182.77</u>	<u>23,188.35</u>	<u>32,994.42</u>
Other Expenses Within "CAPS":				
Mayor and Council	54.30	54.30		54.30
Municipal Clerk's Office	384.64	683.58	6.44	677.14
Tax and Finance	50.67	338.52	287.85	50.67
Auditing and Accounting Services	16,900.00	16,900.00	14,350.00	2,550.00
Assessment of Taxes	1,903.15	1,903.15		1,903.15
Legal Services and Costs	10,987.12	10,987.12	8,898.69	2,088.43
Engineering Services and Costs	10,595.25	9,111.25	9,065.00	46.25
Planning Board	1,334.53	1,334.53	250.00	1,084.53
Other Insurance	25,094.81	25,094.81	(597.50)	25,692.31
Group Insurance	99,586.71	101,272.61	18,195.61	83,077.00
Police	999.39	5,253.26	3,849.02	1,404.24
Traffic Control and School Crossing Guards	619.67	2,487.10	1,777.73	709.37
Emergency Management Services	1,495.41	1,495.41		1,495.41
Fire	418.67	10,523.39	9,434.44	1,088.95
Fire Prevention Bureau	11.98	1,640.00	1,628.02	11.98
Road Repairs and Maintenance	40.15	3,276.85	3,088.17	188.68
Snow Removal	619.95	5,787.70	5,766.57	21.13
Parks	897.40	897.40		897.40
Garbage and Trash Removal	2,503.60	6,903.60	3,793.88	3,109.72
Solid Waste Disposal Costs	17,180.64	17,180.64	17,169.92	10.72
Recycling	1,713.30	15,887.79	6,698.25	9,189.54
Public Buildings and Grounds	1.59	2,824.47	2,822.88	1.59
Sewer System	6,817.50	6,817.50	295.00	6,522.50
Shade Trees		4,000.00	4,000.00	
Board of Health	175.02	3,174.43	2,835.05	339.38
Dog and Cat Regulation	1,328.59	1,433.59	1,429.67	3.92
Administration of Public Assistance	1,308.40	1,308.40		1,308.40
Senior Citizen Transportation	35.68	35.68		35.68
Senior Citizen Director	29.15	747.15	718.00	29.15

**Borough of Kenilworth , N.J.**  
**Schedule of Appropriation Reserves**

**Current Fund**

Page 2 of 2

**Year Ended December 31, 2009**

	Balance, Dec. 31, 2008	Balance after Encumbrances and Transfers	Paid or Charged	Balance Lapsed
Parks and Playground	27.67	3,255.24	2,127.57	1,127.67
Municipal Court	1,612.48	2,312.96	1,036.40	1,276.56
Celebration of Public Events etc.	62.44	4,437.44	4,375.00	62.44
Beautification	1,713.33	1,713.33		1,713.33
Construction Code Official	528.57	2,788.57	2,340.00	448.57
Plumbing Inspector	123.50	123.50		123.50
Electrical Inspector	60.00	60.00		60.00
Fire Protection Official	116.57	116.57		116.57
Zoning Enforcement Officer	114.80	114.80		114.80
Street Lighting	10,820.72	10,820.72	10,583.43	237.29
Utilities	4,641.92	16,658.50	6,969.87	9,688.63
Fire Hydrant Service	10,482.96	10,482.96	10,402.35	80.61
Total Other expenses Within "CAPS"	<u>233,392.23</u>	<u>312,238.82</u>	<u>153,597.31</u>	<u>158,641.51</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security System (O.A.S.I.)	<u>5,186.42</u>	<u>5,186.42</u>	<u>(5,697.93)</u>	<u>10,884.35</u>
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>5,186.42</u>	<u>5,186.42</u>	<u>(5,697.93)</u>	<u>10,884.35</u>
Total Reserves Within "CAPS"	<u>290,921.42</u>	<u>373,608.01</u>	<u>171,087.73</u>	<u>202,520.28</u>
Other Expenses Excluded From "CAPS":				
Emergency Services Volunteer Length of Serv.	53,000.00	53,000.00	42,550.00	10,450.00
Maintenance of Free Public Library	17,888.59	17,888.59	17,888.59	
Municipal Alliance - Municipal Share	2,181.57	2,181.57		2,181.57
Total Other Expenses Excluded from "CAPS"	<u>73,070.16</u>	<u>73,070.16</u>	<u>60,438.59</u>	<u>12,631.57</u>
Capital Improvements Excluded From "CAPS"				
Purchase of Video Equipment	<u>5,000.00</u>	<u>5,000.00</u>		<u>5,000.00</u>
Total Capital Improvements	<u>5,000.00</u>	<u>5,000.00</u>		<u>5,000.00</u>
Total Reserves Excluded from "CAPS"	<u>78,070.16</u>	<u>78,070.16</u>	<u>60,438.59</u>	<u>17,631.57</u>
Total Reserves	<u>\$ 368,991.58</u>	<u>451,678.17</u>	<u>231,526.32</u>	<u>220,151.85</u>
	A			A-1
	<u>Ref</u>			
Appropriation Reserves	Above	368,991.58		
Transfer from Encumbrances Payable	A-17	<u>82,686.59</u>		
		<u>451,678.17</u>		
Disbursed	A-4		<u>231,526.32</u>	
			<u>231,526.32</u>	

**Exhibit A-17**

**Borough of Kenilworth , N.J.**  
**Schedule of Encumbrances Payable**  
**Current Fund**  
**Year Ended December 31, 2009**

Balance - December 31, 2008	<u>Ref.</u> A	\$ 82,686.59
Increased by:		
Transfer from Current Appropriations	A-3	<u>93,030.26</u>
		175,716.85
Decreased by:		
Transfer to Appropriation Reserves	A-16	<u>82,686.59</u>
Balance - December 31, 2009	A	<u><u>\$ 93,030.26</u></u>

**Exhibit A-18**

**Schedule of Prepaid Taxes**  
**Current Fund**  
**Year Ended December 31, 2009**

Balance - December 31, 2008	A	\$ 56,891.16
Increased by:		
Receipts - Prepaid 2010 Taxes	A-4	<u>88,213.98</u>
		145,105.14
Decreased by:		
Applied to 2009 Taxes	A-8	<u>56,891.16</u>
Balance - December 31, 2009	A	<u><u>\$ 88,213.98</u></u>

**Borough of Kenilworth , N.J.**  
**Schedule of Local District School Tax**  
**Current Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>		
Balance - December 31, 2008			
School Tax Payable / (Prepaid)	A/A-1	(155,013.38)	
School Tax Deferred		<u>7,550,367.50</u>	
			7,395,354.12
Increased by:			
Levy School Year - July 1, 2009 to June 30, 2010	A-8		<u>15,803,686.00</u>
			23,199,040.12
Decreased by:			
Payments	A-4		<u>15,594,881.02</u>
Balance - December 31, 2009			
School Tax Payable / (Prepaid)	A/A-1	(297,683.90)	
School Tax Deferred		<u>7,901,843.00</u>	
			<u>7,604,159.10</u>
2009 Liability for Local District School Tax:			
Tax Paid			15,594,881.02
School Taxes Payable / (Prepaid) December 31, 2009			<u>(297,683.90)</u>
			15,297,197.12
Less: School Taxes Payable / (Prepaid) December 31, 2008			<u>(155,013.38)</u>
Amount Charged to 2009 Operations	A-1		<u>15,452,210.50</u>

Exhibit A-20

**Schedule of County Taxes Payable**  
**Current Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>		
Balance - December 31, 2008	A		\$ 5,207.01
Increased by:			
Levy - General	A-1/A-8	\$ 6,697,063.39	
Levy - Open Space	A-1/A-8	297,344.13	
Added and Omitted Taxes	A-1/A-8	<u>10,149.48</u>	
			<u>7,004,557.00</u>
			7,009,764.01
Decreased by:			
Payments	A-4		<u>6,999,066.05</u>
Balance - December 31, 2009	A		<u>\$ 10,697.96</u>

## Borough of Kenilworth , N.J.

Schedule of Amount Due From State of New Jersey  
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976

## Current Fund

Year Ended December 31, 2009

	<u>Ref.</u>	
Balance - December 31, 2008 (Due From)	A	\$ 5,935.78
Increased by:		
Senior Citizens' Deductions Per Tax Billing		\$ 36,250.00
Veterans' Deductions Per Tax Billing		93,000.00
Senior Citizens' and Veterans' Allowed		750.00
		<u>130,000.00</u>
Less:		
Senior Citizens' and Veterans' Disallowed	A-8	<u>6,196.62</u>
		<u>123,803.38</u>
		129,739.16
Decreased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	<u>126,250.00</u>
Balance - December 31, 2009 (Due from)	A	<u><u>\$ 3,489.16</u></u>



## Borough of Kenilworth, N.J.

## Schedule of Various Cash Liabilities and Reserves

## Current Fund

Year Ended December 31, 2009

<u>Liabilities and Reserves</u>	<u>Balance, Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2009</u>
<u>Liabilities:</u>				
Tax Overpayments	\$ 2,476.59	24,975.07	27,451.66	9,558.34
Accounts Payable	9,558.34			
<u>Reserves for:</u>				
Master Plan Update	3,007.43	60,000.00		63,007.43
Revaluation of Real Property	8,525.50			8,525.50
Preparation of Tax Map	4,826.88			4,826.88
Elevator Inspection Agency Fees	34,136.00	13,023.30	9,377.00	37,782.30
Purchase of Video Equipment	2,304.79			2,304.79
Sale of Municipal Assets		1,540,000.00	906,000.00	634,000.00
Redemption of Outside Liens		73,270.70	73,270.70	
LOSAP Contributions	5,720.59	1,983.47		7,704.06
	\$ 70,556.12	1,713,252.54	1,016,099.36	767,709.30
	<u>A</u>			<u>A</u>
<u>Ref.</u>				
Transfer from Appropriations	A-3	60,000.00		
Applied to Current Year Revenue	A-2		906,000.00	
Receipts	A-4	1,653,252.54		
Disbursed	A-4		110,099.36	
		1,713,252.54	1,016,099.36	

## Borough of Kenilworth, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

## Year Ended December 31, 2009

<u>Grant</u>	<u>Balance, Dec. 31, 2008</u>	<u>Transfer From 2009 Budget</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance, Dec. 31, 2009</u>
Body Armor Grant	\$ 8,222.34	2,914.52	4,883.00		6,253.86
Drunk Driving Enforcement Fund	6,132.05	4,494.04	3,735.12		6,890.97
Municipal Alliance on Alcoholism and Drug Abuse	3,527.38	17,744.00	14,044.19		7,227.19
Alcohol Education and Rehabilitation Fund	4,196.75	1,178.00			5,374.75
Clean Communities Grant		9,872.20	7,320.76		2,551.44
Municipal Stormwater Regulation	237.43				237.43
Statewide Local Domestic Preparedness Grant	11.50				11.50
Senior Citizen Program Grant	1,237.45				1,237.45
Union County Project Pocket Parks	2,267.53			2,267.53	
Union County Downtown Grant	51,662.17				51,662.17
Statewide Livable Communities - Library	20,647.21		20,647.21		
Statewide Livable Communities - Capital Improvements	190,000.00		74,109.68		115,890.32
Bullet Proof Vest Partnership Program	2,105.00				2,105.00
Union County Senior Citizen Initiative Program	7,877.81			7,877.81	
Union County Recreation Grant	2,595.00			2,595.00	
Union County Kids Recreation - 16th Street Park	23,112.50			23,112.50	
NJ Dept. of Treasury - Expansion of Fire Department	7,536.04				7,536.04
Homeland Security Fire Act Grant	3,309.00				3,309.00
NJ Grant Fire Headquarters	6,190.30				6,190.30
Special Legislative Grant - Firehouse Renovation	1,328.91				1,328.91
Recycling Tonnage Grant	10,072.57				10,072.57
Hang Up Just Drive Grant		4,000.00	4,000.00		
DCA - Rodent Extermination	9,971.84				9,971.84
	<u>\$ 362,240.78</u>	<u>40,202.76</u>	<u>128,739.96</u>	<u>35,852.84</u>	<u>237,850.74</u>
	<u>A</u>	<u>A-3</u>	<u>A-5</u>	<u>A-1/A-5</u>	<u>A</u>

**Borough of Kenilworth , N.J.**  
**Schedule of Unappropriated Reserves for Grants**  
**Federal and State Grant Fund**  
**Year Ended December 31, 2009**

<u>Grant</u>	Balance, Dec. 31, <u>2008</u>	Transfer To 2009 <u>Budget</u>	<u>Received</u>	Balance, Dec. 31, <u>2009</u>
Drunk Driving Enforcement Fund	\$ 4,494.04	4,494.04	3,667.78	3,667.78
Clean Communities	541.98	541.98	2,573.40	2,573.40
Alcohol Education and Rehabilitation Fund	1,178.00	1,178.00	324.87	324.87
Recycling Tonnage Grant			17,067.77	17,067.77
Click It or Ticket			4,000.00	4,000.00
Body Armor Replacement	<u>2,914.52</u>	<u>2,914.52</u>		<u>0.00</u>
	\$ <u>9,128.54</u>	<u>9,128.54</u>	<u>27,633.82</u>	<u>27,633.82</u>
	A	A-15	A-5	A

## Borough of Kenilworth , N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2009

	Ref.	Assessment Trust Fund	Dog License Fund	Other Trust Funds	Emergency Services Volunteers LOSAP
Balance - December 31, 2008	B	\$ 251,188.64	5,775.68	731,462.94	231,522.61
Increase by Receipts:					
Assessments Receivable	B-4	111,251.06			
Interfund - Current Fund	B-7	34,933.83	11.91	5,406.58	
Dog License Fees	B-5		3,458.80		
State Share of Dog License Fees	B-5		1,117.20		
Grants Receivable - Community Development	B-6			12,994.19	
Other Trust Funds	B-11			392,670.66	
Payroll Deductions Payable	B-12			6,967,089.30	
Reserve for Unemployment Insurance	B-14			38,063.68	
LOSAP Contributions	B-16				42,550.00
Net Assets Available for Benefits	B-17				50,925.92
Total Receipts		<u>146,184.89</u>	<u>4,587.91</u>	<u>7,416,224.41</u>	<u>93,475.92</u>
		<u>397,373.53</u>	<u>10,363.59</u>	<u>8,147,687.35</u>	<u>324,998.53</u>
Decreased by Disbursements:					
Payment to Current Fund - Anticipated Revenue	B-1	35,000.00			
Interfund - Current Fund	B-7		10.48	4,576.89	
Interfund - General Capital Fund	B-7	175,000.00			
Interfund - Current Fund	B-7			1,955.94	
Reserve for Dog Expenditures	B-9		1,499.00		
Due State Department of Health	B-10		1,117.20		
Other Trust Funds	B-11			464,828.11	
Payroll Deductions Payable	B-12			6,967,056.94	
Reserve for Community Development	B-13			10,764.60	
Reserve for Unemployment Insurance	B-14			41,946.81	
Net Assets Available for Benefits	B-17				10,143.18
Total Disbursements		<u>210,000.00</u>	<u>2,626.68</u>	<u>7,491,129.29</u>	<u>10,143.18</u>
Balance - December 31, 2009	B	\$ <u>187,373.53</u>	<u>7,736.91</u>	<u>656,558.06</u>	<u>314,855.35</u>
Analysis Other Trust Funds:					
Other				603,258.76	
Community Development				11,136.92	
Unemployment Insurance				36,698.97	
Payroll				5,463.41	
				<u>656,558.06</u>	

**Borough of Kenilworth , N.J.**

**Analysis of Assessment Cash**

**Assessment Trust Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>	
Interfund - General Capital		\$ 70,241.45
Interfund - Current Fund	B-7	34,517.56
Assessment Overpayment	B	3.97
Fund Balance	B-1	<u>82,610.55</u>
		\$ <u><u>187,373.53</u></u>
		B

## Borough of Kenilworth, N.J.

## Schedule of Assessments Receivable

## Trust Funds

Year Ended December 31, 2009

Ordinance Number	Improvement Description	Date of Confir- mation	Annual Instal- ments	Due Dates	Balance Dec. 31, 2008	Collected	Cancelled	Balance Dec. 31, 2009	Balance Pledged to	
									Capital Fund	Reserve
00-13	Curbing - Various Streets	03/23/05	5	03/23/06-9	3,386.88	3,386.88				
98-23	Curbing - Various Streets	03/23/05	5	03/23/06-9	3,531.47	3,531.47				
94-12	Curbing - Various Streets	03/23/05	5	03/23/06-9	3,340.55	3,222.70		117.85		117.85
01-13	Curbing - Various Streets	03/23/05	5	03/23/06-9	3,125.63	3,125.63				
00-19	Curbing - Various Streets	03/23/05	5	03/23/06-9	4,936.66	4,594.17		342.49		342.49
03-10	Curbing - Commonwealth Rd.	05/07/08	5	06/06/08-12	11,126.56	4,092.64		7,033.92	5,858.92	1,175.00
04-14/04-16	Curbing - Various Streets	05/07/08	5	06/06/08-12	79,436.80	27,322.31		52,114.49	48,197.26	3,917.23
05-12	Curbing - Various Streets	05/07/08	5	06/06/08-12	70,848.69	29,840.57		41,008.12	36,980.64	4,027.48
06-16	Curbing - Various Streets	05/07/08	5	06/06/08-12	80,677.78	32,134.69		48,543.09	48,543.09	
					\$ 260,411.02	111,251.06		149,159.96	139,579.91	9,580.05
					B	B-2		B		B-9

Ref.

B-1

Collections To Surplus

Collections Pledged to General Capital Fund

14,473.97

96,777.09

111,251.06

**Borough of Kenilworth , N.J.**  
**Schedule of Cash Dog Licenses Collector**  
**Trust Funds**  
**Year Ended December 31, 2009**

	<u>Ref.</u>			
Increased by:				
Dog License Fees - Borough Share	B-9	\$	3,458.80	
State Fees Collected	B-10		<u>1,117.20</u>	
				<u>4,576.00</u>
Decreased by:				
Dog License Fees Paid to Treasurer	B-2		3,458.80	
State Fees Paid to Treasurer	B-2		<u>1,117.20</u>	
				<u><u>4,576.00</u></u>

Borough of Kenilworth , N.J.  
Schedule of Due From Union County  
Community Development Block Grants  
Other Trust Funds

Year Ended December 31, 2009

	<u>Grant</u>	<u>Period</u>	Balance Dec. 31, 2008	Grant Awarded	Received	Canceled	Balance Dec. 31, 2009
08-231	Senior Citizen Chronic Illness	9/1/08 - 8/31/09	\$ 2,144.00	2,144.00	2,144.00		2,144.00
09-231	Senior Citizen Chronic Illness	9/1/09 - 8/31/10		2,144.00			
08-232	Senior Citizen Program	9/1/08 - 8/31/09	8,780.00	8,780.00	8,780.00		8,780.00
09-232	Senior Citizen Program	9/1/09 - 8/31/10		8,780.00			
07-399	Senior Citizen Handyman Program	9/1/07 - 8/31/08	1,507.65		1,507.65		929.81
08-399	Senior Citizen Handyman Program	9/1/08 - 8/31/09	3,000.00	2,070.19			3,000.00
09-399	Senior Citizen Handyman Program	9/1/09 - 8/31/10		3,000.00			
			<u>\$ 15,431.65</u>	<u>13,924.00</u>	<u>12,994.19</u>	<u>1,507.65</u>	<u>14,853.81</u>
			<u>B</u>	<u>B-13</u>	<u>B-2</u>	<u>B-13</u>	<u>B</u>



## Borough of Kenilworth , N.J.

## Schedule of Interfunds

## Trust Funds

Year Ended December 31, 2009

	Due to/(from) Balance <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2009</u>
INTERFUND - CURRENT FUND				
Assessment Trust	\$ (416.27)	34,933.83		34,517.56
Dog License Trust	904.08	11.91	10.48	905.51
Other Trust	44,740.95	5,406.58	4,576.89	45,570.64
Unemployment Trust	(9,393.28)			(9,393.28)
Community Development Trust	2,381.88		1,955.94	425.94
INTERFUND - GENERAL CAPITAL				
Assessment Trust	384,821.36		175,000.00	209,821.36
	<u>\$ 423,038.72</u>	<u>40,352.32</u>	<u>181,543.31</u>	<u>281,847.73</u>
	B			B
	<u>Ref.</u>			
Receipts - Dog	B-2	11.91		
Disbursed - Dog	B-2		10.48	
Receipts - Assessment Trust	B-2	34,933.83		
Disbursed - Assessment Trust	B-2		175,000.00	
Disbursed - Communtiy Dev. Trust	B-2		1,955.94	
Disbursed - Other Trust	B-2		4,576.89	
Receipts - Other Trust	B-2	5,406.58		
		<u>40,352.32</u>	<u>181,543.31</u>	

## Schedule of Reserve for Assessments and Liens

## Trust Funds

Year Ended December 31, 2009

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>
Assessments Receivable:			
Curbing - Various Streets	94-12	B-4	117.85
Curbing - Various Streets	00-19	B-4	342.49
Curbing - Commonwealth Rd.	03-10	B-4	1,175.00
Curbing - Various Streets	04-14/04-16	B-4	3,917.23
Curbing - Various Streets	05-12	B-4	4,027.48
			<u>\$ 9,580.05</u>
			B

**Borough of Kenilworth , N.J.**  
**Reserve for Dog Fund Expenditures**  
**Trust Funds**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	B	\$ 4,871.60
Increased by:		
Dog License Fees	B-5	<u>3,458.80</u>
		8,330.40
Decreased by:		
Expenditures R.S. 4:19-1511	B-2	<u>1,499.00</u>
		<u>1,499.00</u>
Balance - December 31, 2009	B	<u>\$ 6,831.40</u>

License Fees Collected

<u>Year</u>	
2008	\$ 3,486.80
2007	<u>3,345.80</u>
	<u>\$ 6,832.60</u>

**Schedule of Due (from) / to State Department of Health**  
**Trust Funds**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Increased by:		
State Fees Collected	B-5	\$ <u>1,117.20</u>
Decreased by:		
Paid to State	B-2	<u>\$ 1,117.20</u>

**Borough of Kenilworth , N.J.**  
**Schedule of Other Trust Funds**  
**Trust Funds**  
**Year Ended December 31, 2009**

	Balance Dec. 31, 2008	Increased	Decreased	Balance Dec. 31, 2009
Tax Sale Premiums	\$ 69,200.00	174,500.00	60,000.00	183,700.00
State Building Surcharge Fees	2,913.00	14,233.00	13,930.00	3,216.00
Conservation Fund	88.37			88.37
Performance Deposits	6,033.00			6,033.00
Inflow Infiltration	57,919.00			57,919.00
Reserve for Police Radios , Vests & Weapons	189.62			189.62
Traffic Light Maintenance Fund	486.09			486.09
Donations for Police Equipment	2,982.59	12,763.00	12,270.00	3,475.59
Forfeited Funds Police - County	207,904.07	15,247.46	44,699.53	178,452.00
Forfeited Funds Police - Federal	4,949.37		1,200.00	3,749.37
Due to State - Marriage Surcharge Fees	325.00	900.00	1,075.00	150.00
Due to State - Burial Permit Fees	50.00			50.00
Municipal Court - P.O.A.A.	92.90	302.00		394.90
Recreation Donations - Tennis	825.00	6,215.00	600.00	6,440.00
Paving and Sewer Maintenance Escrow	7,482.50			7,482.50
Escrow Deposits	150,374.73	36,161.13	144,813.16	41,722.70
Fire Prevention Penalties	7,050.00	3,250.00		10,300.00
Municipal Alliance Donations	729.85			729.85
Pride in Kenilworth Donations	7,847.39	9,729.00	8,297.04	9,279.35
Street Opening Deposits	4,000.00		500.00	3,500.00
Building Department Escrow Deposits	9,500.00			9,500.00
County Environmental Health Act	17,685.35		16,821.20	864.15
Kenilworth Wrestling Club	1,927.04			1,927.04
Public Defender Fees	2,393.00	4,473.50	4,740.00	2,126.50
Outside Police Duty	52,533.40	106,310.94	151,018.59	7,825.75
Board of Health Clinics	17,144.08	8,585.63	4,755.09	20,974.62
Donations for National Night Out	25.00			25.00
Tase Grant	1,923.00		108.50	1,814.50
Centennial	3,165.48			3,165.48
Unidentified	56.93			56.93
	<u>\$ 637,795.76</u>	<u>392,670.66</u>	<u>464,828.11</u>	<u>565,638.31</u>
	B	B-2	B-2	B

## Borough of Kenilworth, N.J.

## Schedule of Payroll Deductions

## Trust Funds

Year Ended December 31, 2009

	Balance Dec. 31, 2008	Receipts	Disbursed	Balance Dec. 31, 2009
Federal Withholding	\$	685,356.65	685,356.65	
Social Security / Medicare		486,215.99	486,215.99	
State Withholding		185,597.39	185,597.39	
Unemployment Insurance		11,394.89	11,394.89	
PBA Dues		14,160.00	14,160.00	
P.E.R.S. / Loans / Back Ded. Etc.	(54.44)	147,629.21	147,574.77	
P.E.R.S. Contributory Insurance		10,945.26	10,945.26	
Contributions Medical		2,556.25	2,550.00	6.25
P.F.R.S. / Loans Etc.		320,165.46	320,165.46	
Union Dues	20.00	8,414.00	8,414.00	20.00
Savings Bonds		325.00	325.00	
Supplemental Annuity		8,280.06	8,280.06	
Credit Union / Direct Deposit		434,579.00	434,579.00	
Miscellaneous	5,465.45	2,533.11	2,561.40	5,437.16
Family Leave		2,415.15	2,415.15	
State Pension Payment		768,072.28	768,072.28	
Garnishment/Child Support		14,757.30	14,757.30	
Deferred Compensation		119,135.00	119,135.00	
AFLAC	0.04	34,005.27	34,005.31	
Roth IRA		1,040.00	1,040.00	
Net Payroll		3,709,512.03	3,709,512.03	
	\$ 5,431.05	6,967,089.30	6,967,056.94	5,463.41
	B	B-2	B-2	B

Borough of Kenilworth , N.J.  
Schedule of Reserve for  
Community Development Block Grants  
Other Trust Funds  
Year Ended December 31, 2009

	<u>Grant</u>	<u>Period</u>	Balance Dec. 31, 2008	Grant Awarded	Paid or Charged	Canceled	Balance Dec. 31, 2009
08-231	Senior Citizen Chronic Illness	9/1/08 - 8/31/09	\$ 1,569.50		1,569.50		
09-231	Senior Citizen Chronic Illness	9/1/09 - 8/31/10		2,144.00	426.50		1,717.50
08-232	Senior Citizen Program	9/1/08 - 8/31/09	4,670.01		4,670.01		
09-232	Senior Citizen Program	9/1/09 - 8/31/10		8,780.00	2,499.99		6,280.01
07-399	Senior Citizen Handyman Program	9/1/07 - 8/31/08	1,507.65			1,507.65	
08-399	Senior Citizen Handyman Program	9/1/08 - 8/31/09	2,528.41		1,598.60		929.81
09-399	Senior Citizen Handyman Program	9/1/09 - 8/31/10		3,000.00			3,000.00
			<u>\$ 10,275.57</u>	<u>13,924.00</u>	<u>10,764.60</u>	<u>1,507.65</u>	<u>11,927.32</u>
			B	B-6	B-2	B-6	B

## Borough of Kenilworth , N.J.

## Schedule of Reserve for Unemployment Insurance

## Trust Funds

Year Ended December 31, 2009

	<u>Ref.</u>	
Balance - December 31, 2008	B	\$ 49,975.38
Increased by:		
Budget Appropriation		\$ 30,000.00
Interest Earned		63.28
Deductions from Employees		<u>8,000.40</u>
	B-2	<u>38,063.68</u>
		88,039.06
Decreased by:		
Disbursed	B-2	<u>41,946.81</u>
Balance - December 31, 2009	B	<u><u>\$ 46,092.25</u></u>

**Borough of Kenilworth , N.J.**  
**Schedule of Other Trust Reserves**

**Trust Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>	<u>Beautification</u>	<u>Youth Commission</u>	<u>Park Revitalization</u>
Balance - December 31, 2008	B	\$ <u>2,484.00</u>	<u>3,037.53</u>	<u>165.75</u>
Balance - December 31, 2009	B	\$ <u>2,484.00</u>	<u>3,037.53</u>	<u>165.75</u>

**LOSAP Contribution Receivable**

**Trust Funds**

**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	B	\$ 42,550.00
Increased by:		
Borough Contributions	B-17	<u>36,800.00</u>
		79,350.00
Decreased by:		
Received	B-2	<u>42,550.00</u>
Balance - December 31, 2009	B	\$ <u>36,800.00</u>

## Borough of Kenilworth , N.J.

**Schedule of Emergency Services Volunteer Length  
of Service Award Program - Net Assets Available for Benefits**

## Trust Funds

Year Ended December 31, 2009

	<u>Ref.</u>		
Balance - December 31, 2008	B		\$ 274,072.61
Increased by:			
Borough Contributions	B-16	36,800.00	
Appreciation	B-2	<u>50,925.92</u>	
			<u>87,725.92</u>
			361,798.53
Decreased by:			
Withdrawals		8,485.54	
Administrative Charges		<u>1,657.64</u>	
	B-2		<u>10,143.18</u>
Balance - December 31, 2009	B		<u><u>351,655.35</u></u>



## Borough of Kenilworth , N.J.

## Schedule of Cash

## General Capital Fund

Year Ended December 31, 2009

	<u>Ref.</u>		
Balance - December 31, 2008	C	\$	1,268,910.86
Increased by Receipts:			
Due from N.J. Transportation Trust Fund	C-4	269,276.25	
Due from Union County Community			
Development	C-4	50,000.00	
Interfund - Assessment Trust Fund	C-8	175,000.00	
Interfund - Current Fund	C-9	187,770.56	
Bond Anticipation Notes	C-11	3,482,000.00	
Budget Appropriations:			
Capital Improvement Fund	C-13	<u>50,000.00</u>	
			<u>4,214,046.81</u>
			5,482,957.67
Decreased by Disbursements:			
Bond Anticipation Notes	C-11	2,119,855.00	
Improvement Authorizations	C-12	1,817,377.97	
Interfund - Current Fund	C-9	<u>165,136.13</u>	
			<u>4,102,369.10</u>
Balance - December 31, 2009	C	\$	<u><u>1,380,588.57</u></u>

## Borough of Kenilworth, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2009

	<u>Ref.</u>	
Fund Balance	C-1	\$ 17,939.87
Due from New Jersey Transportation Trust fund	C-4	(152,473.75)
Due from Union County Community Development	C-4	(34,942.00)
Due from Borough of Roselle Park	C-4	(11,833.72)
Due from Assessment Trust Fund	C-8	(209,821.36)
Due to Current Fund	C-9	(18,929.02)
Capital Improvement Fund	C-13	24,968.81
Preliminary Costs	C-14	5,973.00
Reserve for Various Improvements	C-15	16,490.00

## Improvement Authorizations:

<u>Ordinance Number</u>	<u>Improvement Description</u>	
90-11A	Improvements to Dimario Park	1,360.80
90-11B	Improvements to Various Streets	1,122.93
90-11D	Improvements to the Sanitary Sewer System	395.61
92-21	Improvement to Municipal Building	1,301.83
94-11	Various Improvements	400.00
95-21	Various Improvements	650.00
95-24	Purchase of Street Sweeper	(100.00)
96-18	Various Improvements	4,088.80
97-10	Various Improvements	5,097.50
98-22	Various Improvements	0.65
00-06	Improvements to Colfax Avenue	8,242.42
00-12	Various Improvements	22.81
00-19	Various Improvements	17,196.60
01-05	Acquisition of Senior Citizen Bus	90.00
01-14	Various Improvements	1,134.31
02-04	Various Improvements	12,462.81
02-07	Various Improvements	4,016.31
03-09	Various Improvements	5,138.22
03-17	Various Improvements	(250.00)
04-06	Various Improvements Amend Ord. 03-04	116,380.63
04-08	Various Improvements	6,779.40
04-13	Various Improvements Amend Ord. 03-17	8,201.47
04-15	Various Improvements	14,050.06
04-17	Imp. to Lafayette Pumping Station	1,682.84
05-07	Update of Computer Equipment	994.40
05-08	Purchase of All Body Dump Truck	1,000.00
05-13	Sanitary Sewer Maintenance	34,921.00
05-14	Storm Drainage Improvements	58,066.00
05-20	Various Capital Improvements	150.00
06-04	Improvement to North 17th Street	614.96
06-14	Various Road Improvements	106,464.02
06-15	Purchase of Street Sweeper	1,988.00
06-20	Improvement to Dimario Park	10,000.00
07-11	Purchase of Leaf Collector	5,960.30
07-12	Various Road Improvements	5,141.61
07-14	Construction of Library Elevator	8,546.95
07-15	Purchase of Fire Rescue Pumper	1,214.58
08-11	Various Road Improvements	2,171.21
08-14	Various Capital Improvements	162,601.00
08-15	Acquisition of Computer Equipment	8,718.69
08-17	Acquisition of Vehicles	1,748.52
09-14	Firehouse Access Apron	1,206.00
09-15/22	Various Road Improvements	809,805.25
09-16	Acquisition of Sewer Jet Truck	244,001.00
09-19	Sanitary Sewer Repairs	812.84
09-20	Acquisition of Police Desk	22,020.00
09-21	Fire House Renovation	(312.00)
93-12	Curbing Quinton Avenue	12,884.20
93-26	Curbing Various Streets	29,977.23
94-12	Curbing Various Streets	8,038.05
95-22	Construction of Curbs	1,587.35
96-11	Construction of Curbs	3,518.02
97-11	Construction of Curbs	544.70
00-13	Construction of Curbs	(19,390.75)
01-04	Construction of Curbs - Clinton Avenue	(10,050.00)
06-16	Construction of Curbs - Various Streets	16,853.90
07-13	Construction of Curbs - Various Streets	1,818.80
08-12	Construction of Curbing - North 11th Street	134.91

\$ 1,380,588.57  
C

## Borough of Kenilworth, N.J.

## Schedule of Various Receivables

## General Capital Fund

Year Ended December 31, 2009

	Balance, Dec. 31, 2008	Grants Approved	Cash Received	Balance, Dec. 31, 2009
<u>New Jersey Transportation Trust Fund:</u>				
Ord. 07-12 - Various Road Improvements - Carnegie Street	46,750.00			46,750.00
Ord. 08-11 - Improvement of North 20th Street Carnegie Street	200,000.00	175,000.00	138,026.25 131,250.00	61,973.75 43,750.00
Ord. 09-22 - Improvement of South 31st Street				
	<u>246,750.00</u>	<u>175,000.00</u>	<u>269,276.25</u>	<u>152,473.75</u>
<u>Union County Community Development:</u>				
Reserve for Firehouse Elevator	34,942.00			34,942.00
Ord. 07-14 - Library Elevator	50,000.00		50,000.00	
	<u>84,942.00</u>		<u>50,000.00</u>	<u>34,942.00</u>
<u>Due from Borough of Roselle Park</u>	<u>11,833.72</u>			<u>11,833.72</u>
Ord. 2000-06 - Improvements to Colfax Avenue	\$ 343,525.72	175,000.00	319,276.25	199,249.47
	<u>C</u>	<u>C-12</u>	<u>C-2</u>	<u>C/C-3</u>

**Borough of Kenilworth , N.J.**

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

**General Capital Fund**

**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	C	\$ 6,065,000.00
Decreased by:		
Serial Bonds Paid by Current Year		
Budget Appropriations	C-10	<u>650,000.00</u>
Balance - December 31, 2009	C	\$ <u>5,415,000.00</u>

## Borough of Kenilworth, N.J.

## Schedule of Deferred Charges to Future Taxation - Unfunded

## General Capital Fund

Year Ended December 31, 2009

Ordinance Number	Improvement Description	Balance, Dec. 31, 2008	2009 Authorizations	Reduction	Balance, Dec. 31, 2009	Analysis of Balance - Dec. 31, 2009		
						Financed by Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
<u>General improvements:</u>								
95-24	Purchase of Street Sweeper	\$ 100.00			100.00		100.00	
03-09	Various Improvements	350.00			350.00			350.00
03-17	Various Improvements	250.00			250.00		250.00	
04-13	Various Improvements Amending Ord. 03-17	315.00			315.00			315.00
04-15	Various Improvements	160.00			160.00			160.00
06-14	Imp. to Lafayette Pumping Station	8,885.00			8,885.00			8,885.00
06-15	Improvements to Colfax Avenue	12.00			12.00			12.00
07-11	Various Improvements	39,900.00			39,900.00			
07-12	Various Improvements	585,963.00			585,963.00			
07-14	Various Improvements	138,700.00			138,700.00			
07-15	Various Improvements	679,250.00			679,250.00			
08-11	Various Road Improvements	492,000.00			492,000.00			
08-14	Various Improvements	292,000.00			292,000.00			
08-15	Acquisition of Computer Equipment	28,500.00			28,500.00			
08-17	Acquisition of Vehicles	82,800.00			82,800.00			
09-15/22	Various Road Improvements		631,750.00		631,750.00			
09-16	Acquisition of Sewer Jet Truck		232,750.00		232,750.00			
09-19	Sanitary Sewer Repairs		76,000.00		76,000.00			
09-20	Acquisition of Police Desk		72,200.00		72,200.00			53,855.00
09-21	Fire House Renovation		24,700.00		24,700.00		312.00	24,388.00

## Borough of Kenilworth, N.J.

## Schedule of Deferred Charges to Future Taxation - Unfunded

## General Capital Fund

Year Ended December 31, 2009

Ordinance Number	Improvement Description	Balance, Dec. 31, 2008	2009 Authorizations	Reduction	Balance, Dec. 31, 2009	Analysis of Balance - Dec. 31, 2009		
						Financed by Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
<u>Local Improvements:</u>								
00-13	Construction of Curbs	24,514.55			24,514.55		19,390.75	5,123.80
01-04	Construction of Curbs - Clinton Avenue	10,050.00			10,050.00		10,050.00	
03-10	Construction of Curbs - Commonwealth Road	9,422.99			9,422.99			9,422.99
03-18	Construct. of Curbs - No. 21st, No. 12th, Halsey St.							
04-14	Construction of Curbs - Amend Ord. 03-18	34,548.00			34,548.00			34,548.00
04-16	Construction of Curbs - Various Streets							
05-12	Construction of Curbs - Various Streets	92,935.55			92,935.55			92,935.55
06-16	Construction of Curbs - Various Streets	143,142.00			143,142.00	143,142.00		
07-13	Construction of Curbs - Various Streets	40,900.00			40,900.00	40,900.00		
08-12	Construction of Curbing - No. 11th Street							
		<u>\$ 2,704,698.09</u>	<u>1,037,400.00</u>		<u>3,742,098.09</u>	<u>3,482,000.00</u>	<u>30,102.75</u>	<u>229,995.34</u>
		<u>C</u>	<u>C-12</u>		<u>C</u>			

Improvement Authorizations - Unfunded		
Less: Unexpended Proceeds of Bond		1,311,709.75
Anticipation Notes		
Ord. Number :		
07-11	5,960.30	
07-12	5,141.61	
07-13	1,818.80	
07-14	8,546.95	
07-15	1,214.58	
08-11	2,171.21	
08-12	134.91	
08-14	162,601.00	
08-15	8,718.69	
08-17	1,748.52	
09-15/22	631,750.00	
09-16	232,750.00	
09-19	812.84	
09-20	18,345.00	
	<u>1,081,714.41</u>	
	<u>229,995.34</u>	

**Borough of Kenilworth , N.J.**  
**Schedule of Prospective Assessments Raised By Taxation**

**General Capital Fund**

**Year Ended December 31, 2009**

<u>Improvement Description</u>	<u>Ord. No.</u>	<u>Balance Dec. 31, 2008</u>	<u>Balance Dec. 31, 2009</u>
Construction of Curbs - Clinton Ave.	01-04	950.00	950.00
Construction of Curbing - No. 11th Street	08-12	2,100.00	2,100.00
		<u>3,050.00</u>	<u>3,050.00</u>
		<u>C</u>	<u>C</u>

**Borough of Kenilworth , N.J.**  
**Schedule of Interfund Assessment Trust Fund**

**General Capital Fund**

**Year Ended December 31, 2009**

		<u>Ref.</u>	
Balance - December 31, 2008	Due from	C	384,821.36
Decreased by:			
Cash Receipts		C-2	<u>175,000.00</u>
Balance - December 31, 2009	Due from	C/C-3	<u>\$ 209,821.36</u>

**Borough of Kenilworth , N.J.**  
**Schedule of Interfund - Current Fund**

**General Capital Fund**

**Year Ended December 31, 2009**

		<u>Ref.</u>	
Balance - December 31, 2008 - Due from		C	\$ 41,563.45
Increased by:			
Disbursed		C-2	<u>165,136.13</u>
			206,699.58
Decreased by:			
Receipts		C-2	<u>187,770.56</u>
Balance - December 31, 2009 - Due from		C/C-3	<u>\$ 18,929.02</u>



**Borough of Kenilworth, N.J.**  
**Schedule of General Serial Bonds Payable**  
**General Capital Fund**

**Year Ended December 31, 2009**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2009</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2008</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2009</u>
			<u>Date</u>	<u>Amount</u>				
General Improve. Bonds of 1997	2/1/1997	\$ 2,440,000.00	2-1-2010/12	220,000.00	5.10%	880,000.00	220,000.00	660,000.00
General Improve. Bonds of 2003	8/15/2003	\$ 3,126,000.00	8-15-2010	210,000.00	3.50%			
			8-15-2011	210,000.00	3.75%			
			8-15-2012	215,000.00	3.75%			
			8-15-2013/17	215,000.00	4.00%			
			8-15-2018	216,000.00	4.00%	2,136,000.00	210,000.00	1,926,000.00
General Improve. Bonds of 2007	2/15/2007	3,429,000.00	11-15-2010	210,000.00	3.75%			
			11-15-2011	130,000.00	3.75%			
			11-15-2012	150,000.00	3.75%			
			11-15-2013	260,000.00	3.75%			
			11-15-2014	260,000.00	3.875%			
			11-15-2015/20	260,000.00	4.00%			
			11-15-2021	259,000.00	4.00%	3,049,000.00	220,000.00	2,829,000.00
						<u>\$ 6,065,000.00</u>	<u>650,000.00</u>	<u>5,415,000.00</u>
						<u>C</u>	<u>C-5</u>	<u>C</u>

## Borough of Kenilworth, N.J.

## Schedule of Bond Anticipation Notes Payable

## General Capital Fund

Year Ended December 31, 2009

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2008	Increased	Decreased	Balance, Dec. 31, 2009
2007-11	Purchase of Leaf Collector	39,900.00	12/16/08	12/16/09	12/15/10	1.00%	39,900.00	39,900.00	39,900.00	39,900.00
2007-12	Various Road Improvements	585,963.00	12/16/08	12/16/09	12/15/10	1.00%	585,963.00	585,963.00	585,963.00	585,963.00
2007-13	Construction of Curbs	143,142.00	12/16/08	12/16/09	12/15/10	1.00%	143,142.00	143,142.00	143,142.00	143,142.00
2007-14	Constr. Of Library Elevator	138,700.00	12/16/08	12/16/09	12/15/10	1.00%	138,700.00	138,700.00	138,700.00	138,700.00
2007-15	Purchase of Fire Rescue Pumper	679,250.00	12/16/08	12/16/09	12/15/10	1.00%	679,250.00	679,250.00	679,250.00	679,250.00
2008-11	Various Road Improvements	492,000.00	12/16/08	12/16/09	12/15/10	1.00%	492,000.00	492,000.00	492,000.00	492,000.00
2008-12	Construction of Curbs	40,900.00	12/16/08	12/16/09	12/15/10	1.00%	40,900.00	40,900.00	40,900.00	40,900.00
2008-14	Various Improvements	292,000.00	12/16/09	12/16/09	12/15/10	1.00%	292,000.00	292,000.00	292,000.00	292,000.00
2008-15	Acquisition of Computer Equip.	28,500.00	12/16/09	12/16/09	12/15/10	1.00%	28,500.00	28,500.00	28,500.00	28,500.00
2008-17	Acquisition of Vehicles	82,800.00	12/16/09	12/16/09	12/15/10	1.00%	82,800.00	82,800.00	82,800.00	82,800.00
2009-15/22	Various Road Improvements	631,750.00	12/16/09	12/16/09	12/15/10	1.00%	631,750.00	631,750.00	631,750.00	631,750.00
2009-16	Acquisition of Sewer Jet Truck	232,750.00	12/16/09	12/16/09	12/15/10	1.00%	232,750.00	232,750.00	232,750.00	232,750.00
2009-19	Sanitary Sewer Repairs	76,000.00	12/16/09	12/16/09	12/15/10	1.00%	76,000.00	76,000.00	76,000.00	76,000.00
2009-20	Acquisition of Police Desk	18,345.00	12/16/09	12/16/09	12/15/10	1.00%	18,345.00	18,345.00	18,345.00	18,345.00
							<u>\$ 2,119,855.00</u>	<u>3,482,000.00</u>	<u>2,119,855.00</u>	<u>3,482,000.00</u>
							C	C-2	C	C
							Ref.			
							C-2	2,119,855.00	2,119,855.00	
							C-2/C-16	1,362,145.00		
							Renewals Issued for Cash	3,482,000.00	2,119,855.00	

## Borough of Kenilworth, N.J.

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## Schedule of Improvement Authorizations

## General Capital Fund

Year Ended December 31, 2009

Ordinance Number	Improvement Description	Ordinance		Balance, Dec. 31, 2008		2009 Authorizations	Paid or Charged	Balance, Dec. 31, 2009	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
General Improvements:									
90-11A	Improvements to Dimario Park	07-23-90	33,200.00	1,360.80				1,360.80	
90-11B	Improvements to Various Streets	07-23-90	353,000.00	1,122.93				1,122.93	
90-11D	Improve. to the Sanitary Sewer System	07-23-90	161,800.00	395.61				395.61	
92-21	Improvement to Municipal Building	12-08-92	100,000.00	1,301.83				1,301.83	
94-11	Various Improvements	09-14-94	402,000.00	400.00				400.00	
95-21	Various Improvements	09-27-95	207,000.00	650.00				650.00	
96-18	Various Improvements	10-09-96	30,000.00	4,088.80				4,088.80	
97-10	Various Improvements	05-28-97	350,000.00	5,097.50				5,097.50	
98-22	Various Improvements	08-05-98	646,000.00	0.65				0.65	
00-06	Improvements to Colfax Avenue	04-26-00	335,000.00	8,242.42				8,242.42	
00-12	Various Improvements	05-24-00	781,000.00	22.81				22.81	
00-19	Various Improvements	09-13-00	228,000.00	17,196.60				17,196.60	
01-05	Acquisition of Senior Citizen Bus	04-25-01	6,871.00	90.00				90.00	
01-14	Various Improvements	07-25-01	269,000.00	1,134.31				1,134.31	
02-04	Various Improvements	04-24-02	437,000.00	12,462.81				12,462.81	
02-07	Various Improvements	05-08-02	69,000.00	4,016.31				4,016.31	
03-09	Various Improvements	07-09-03	213,000.00	7,638.22		350.00	2,500.00	5,138.22	350.00
04-06	Various Improvements	05-12-04	400,000.00	116,380.63				116,380.63	
04-08	Various Improvements	06-09-04	120,000.00	6,779.40				6,779.40	
04-13	Various Improvements Amend Ord. 03-17	08-11-04	30,860.00	8,201.47		315.00		8,201.47	315.00
04-15	Various Improvements	08-11-04	775,490.00	14,050.06		160.00		14,050.06	160.00
04-17	Imp. to Lafayette Pumping Station	08-11-04	110,000.00	1,682.84				1,682.84	
05-07	Update of Computer Equipment	05-11-05	15,000.00	994.40				994.40	
05-08	Purchase of All Body Dump Truck	05-11-05	110,000.00	1,000.00				1,000.00	
05-11	Various Road Improvements	07-13-05	770,100.00	149,434.55			149,434.55		
05-13	Sanitary Sewer Maintenance	07-13-05	53,000.00	34,921.00				34,921.00	
05-14	Storm Drainage Improvements	07-13-05	80,000.00	58,066.00				58,066.00	
05-20	Various Capital Improvements	12-15-05	27,762.77	150.00				150.00	
06-04	Improvement to North 17th Street	04-12-06	230,000.00	614.96				614.96	
06-14	Various Road Improvements	09-27-06	877,774.00	144,029.47		8,885.00	37,565.45	106,464.02	8,885.00
06-15	Purchase of Street Sweeper	10-11-06	134,750.00	1,988.00		12.00		1,988.00	12.00
06-20	Improvement to Dimario Park	11-08-06	10,000.00	10,000.00				10,000.00	
07-11	Purchase of Leaf Collector	11-28-07	42,000.00		6,150.00		189.70		5,960.30
07-12	Various Road Improvements	11-28-07	803,804.00		425,947.09		420,805.48		5,141.61
07-14	Construction of Library Elevator	12-18-07	196,000.00	867.76			131,020.81		8,546.95
07-15	Purchase of Fire Rescue Pumper	12-18-07	715,000.00		5,304.57		4,089.99		1,214.58
08-11	Various Road Improvements	07-09-08	692,000.00	140,595.52			630,424.31		2,171.21
08-14	Various Capital Improvements	08-27-08	307,000.00		262,554.32		99,953.32		162,601.00
08-15	Acquisition of Computer Equipment	09-24-08	30,000.00		25,978.85		17,260.16		8,718.69
08-17	Acquisition of Vehicles	10-08-08	87,000.00		1,748.52				1,748.52
09-14	Firehouse Access Apron	07-08-09	20,000.00			20,000.00	18,794.00	1,206.00	

**Borough of Kenilworth, N.J.**  
**Schedule of Improvement Authorizations**

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**General Capital Fund**

**Year Ended December 31, 2009**

Ordinance Number	Improvement Description	Ordinance		Balance, Dec. 31, 2008		2009 Authorizations	Paid or Charged	Balance, Dec. 31, 2009	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
09-15/22	Various Road Improvements	10-28-09	840,000.00			840,000.00	30,194.75	178,055.25	631,750.00
09-16	Acquisition of Sewer Jet Truck	07-08-09	245,000.00			245,000.00	999.00	11,251.00	232,750.00
09-19	Sanitary Sewer Repairs	10-14-09	80,000.00			80,000.00	79,187.16		812.84
09-20	Acquisition of Police Desk	10-14-09	76,000.00			76,000.00	125.00	3,675.00	72,200.00
09-21	Fire House Renovation	10-14-09	26,000.00			26,000.00	1,612.00		24,388.00
Local Improvements:									
93-12	Curbing Quinton Avenue	06-09-93	40,000.00	12,884.20				12,884.20	
93-26	Curbing Various Streets	10-13-93	55,000.00	29,977.23				29,977.23	
94-12	Curbing Various Streets	09-14-94	50,000.00	8,038.05				8,038.05	
95-22	Construction of Curbs	10-11-95	18,000.00	1,587.35				1,587.35	
96-11	Construction of Curbs	05-22-96	42,500.00	3,518.02				3,518.02	
97-11	Construction of Curbs	06-11-97	6,500.00	544.70				544.70	
00-13	Construction of Curbs	05-24-00	96,000.00		6,623.80		1,500.00		5,123.80
03-10	Construction of Curbs - Commonwealth Rd.	07-09-03	23,500.00		9,422.99				9,422.99
04-14	Construction of Curbs - Amend Ord. 03-18	08-11-04	1,575.00						
04-16	Construction of Curbs - Various Streets	08-11-04	119,223.00		34,548.00				34,548.00
05-12	Construction of Curbs - Various Streets	08-03-05	91,200.00						
06-16	Construction of Curbs - Various Streets	10-11-06	213,395.00	16,853.90	92,935.55			16,853.90	92,935.55
07-13	Construction of Curbs - Various Streets	11-28-07	150,676.00	7,534.00	143,142.00		148,857.20		1,818.80
08-12	Construction of Curbing - North 11th Street	07-09-08	43,000.00	2,100.00	40,900.00		42,865.09		134.91
				<u>\$ 838,015.11</u>	<u>1,695,677.69</u>	<u>1,287,000.00</u>	<u>1,817,377.97</u>	<u>691,605.08</u>	<u>1,311,709.75</u>
				C	C		C-2	C	C
Ref.									
Capital Fund Balance				C-1	20,000.00				
New Jersey Transportation Trust Fund				C-4	175,000.00				
Capital Improvement Fund				C-13	54,600.00				
Deferred Charges to Future Taxation - Unfunded				C-6/C-16	1,037,400.00				
					<u>1,287,000.00</u>				

**Borough of Kenilworth , N.J.**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	C	\$ 29,568.81
Increased by:		
Budget Appropriation	C-2	<u>50,000.00</u>
		79,568.81
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-12	<u>54,600.00</u>
Balance - December 31, 2009	C/C-3	<u>\$ 24,968.81</u>

**Borough of Kenilworth , N.J.**  
**Schedule of Preliminary Improvement Costs**  
**General Capital Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	C	\$ <u>5,973.00</u>
Balance - December 31, 2009	C/C-3	\$ <u><u>5,973.00</u></u>
Analysis of Balance - December 31, 2009		
Drainage Facilities		<u>5,973.00</u>
		<u><u>5,973.00</u></u>

**Borough of Kenilworth , N.J.**

**Schedule of Reserve for Various Improvements**

**General Capital Fund**

**Year Ended December 31, 2009**

	Balance, <u>Dec. 31, 2008</u>	Balance, <u>Dec. 31, 2009</u>
Installation of Firehouse Elevator	\$ 16,490.00	16,490.00
	<hr/>	<hr/>
	\$ <u>16,490.00</u>	<u>16,490.00</u>
	C	C/C-3

## Borough of Kenilworth, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## General Capital Fund

Year Ended December 31, 2009

Ordinance Number	Improvement Description	Balance, Dec. 31, 2008		2009 Authorizations	Due from Assessment Trust	Notes Issued	Balance, Dec. 31, 2009	
		Capital Fund	Trust Fund				Capital Fund	Trust Fund
<u>General improvements:</u>								
95-24	Purchase of Street Sweeper	100.00					100.00	
03-09	Various Improvements	350.00					350.00	
03-17	Various Improvements	250.00					250.00	
04-13	Various Improvements Amend Ord. 03-17	315.00					315.00	
04-15	Various Improvements	160.00					160.00	
06-14	Imp. to Lafayette Pumping Station	8,885.00					8,885.00	
06-15	Purchase of Street Sweeper	12.00					12.00	
07-11	Purchase of Leaf Collector							
07-12	Various Road Improvements							
07-14	Construction of Library Elevator							
07-15	Purchase of Fire Rescue Pumper							
08-11	Various Road Improvements	292,000.00				292,000.00		
08-14	Various Capital Improvements	28,500.00				28,500.00		
08-15	Acquisition of Computer Equipment	82,800.00				82,800.00		
08-17	Acquisition of Vehicles			631,750.00		631,750.00		
09-15/22	Various Road Improvements			232,750.00		232,750.00		
09-16	Acquisition of Sewer Jet Truck			76,000.00		76,000.00		
09-19	Sanitary Sewer Repairs			72,200.00		18,345.00	53,855.00	
09-20	Acquisition of Police Desk			24,700.00			24,700.00	
09-21	Fire House Renovation							
<u>Local improvements:</u>								
00-13	Construction of Curbs	24,514.55					24,514.55	
00-13	Construction of Curbs - Various Streets		3,386.88					3,386.88
01-04	Construction of Curbs - Clinton Avenue	10,050.00					10,050.00	8,000.00
03-10	Construction of Curbs - Commonwealth Rd.	9,422.99					9,422.99	9,951.56
03-18	Construct. of Curbs - Various Streets							
04-14	Construction of Curbs - Amend Ord. 03-18							
04-16	Construction of Curbs - Various Streets	34,548.00					34,548.00	75,519.57
05-12	Construction of Curbs - Various Streets							58,821.21
06-16	Construction of Curbs - Various Streets	92,935.55					92,935.55	80,677.78
07-13	Construction of Curbs - Various Streets							
08-12	Construction of Curbing - North 11th Street							
		\$ 584,843.09	236,357.00	1,037,400.00		1,362,145.00	260,098.09	236,357.00
				C-12		C-11	Footnote C	Footnote C



## Borough of Kenilworth , N.J.

## Schedule of Cash-Treasurer

## Public Assistance Fund

Year Ended December 31, 2009

	<u>Ref.</u>	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2008	E	\$ <u>9,140.67</u>	<u>3,025.89</u>	<u>6,114.78</u>
Increased by Receipts:				
State Aid		17,200.00		17,200.00
Other		10.70	4.58	6.12
Supplemental Security Income		<u>1,470.00</u>		<u>1,470.00</u>
		<u>18,680.70</u>	<u>4.58</u>	<u>18,676.12</u>
		<u>27,821.37</u>	<u>3,030.47</u>	<u>24,790.90</u>
Decreased by Disbursements:				
Public Assistance - 2009		18,315.48		18,315.48
Supplemental Security Income		<u>18,315.48</u>		<u>18,315.48</u>
Balance - December 31, 2009	E	\$ <u><u>9,505.89</u></u>	<u><u>3,030.47</u></u>	<u><u>6,475.42</u></u>

**Borough of Kenilworth , N.J.**  
**Schedule of Cash-Treasurer**  
**Public Assistance Fund**  
**Year Ended December 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2009	E-1	\$ <u>9,505.89</u>
Increased by:		
Cash Receipts Record		<u>16,863.45</u>
		<u>16,863.45</u>
		<u>26,369.34</u>
Decreased by:		
Cash Disbursements Record		
- 2010 Assistance		<u>9,775.00</u>
Balance - May 31 , 2010		\$ <u><u>16,594.34</u></u>

<u>Reconciliation - May 31, 2010</u>	<u>P.A.T.F.</u> <u>Account #1</u>	<u>P.A.T.F.</u> <u>Account #2</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
Wachovia Bank	3,031.89	14,768.45	17,800.34
Add: Bank Error			
Less: Outstanding Checks	<u>                    </u>	<u>(1,206.00)</u>	<u>(1,206.00)</u>
Balance - May 31 , 2010	<u><u>3,031.89</u></u>	<u><u>13,562.45</u></u>	<u><u>16,594.34</u></u>

## Borough of Kenilworth , N.J.

## Schedule of Cash-Treasurer

## Public Assistance Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$ 9,140.67
Increased by Receipts:	
Cash Receipts Record	<u>18,680.70</u>
	<u>27,821.37</u>
Decreased by Disbursements:	
Public Assistance - 2009	<u>18,315.48</u>
	<u>18,315.48</u>
Balance - December 31, 2009	\$ <u><u>9,505.89</u></u>

<u>Reconciliation - December 31, 2009</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
Wachovia Bank	3,030.47	6,475.42	9,505.89
Add: Bank Error			
Less: Outstanding Checks	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance, December 31, 2009	<u><u>3,030.47</u></u>	<u><u>6,475.42</u></u>	<u><u>9,505.89</u></u>

**Exhibit E-4**

**Borough of Kenilworth , N.J.**  
**Schedule of Revenues - Cash Basis**  
**Public Assistance Fund**  
**Year Ended December 31, 2009**

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
State Aid Payments	\$ 17,200.00		17,200.00
Less: Refunds to the State			
Net State Aid Payments	<u>17,200.00</u>		<u>17,200.00</u>
Interest Earned	10.70	4.58	6.12
Supplemental Security Income			
State/Municipal Refund	1,470.00		1,470.00
Client Refund			
Refunds - State Matched Assistance			
Total Revenues (P.A.T.F.)	<u>18,680.70</u>	<u>4.58</u>	<u>18,676.12</u>
Total Receipts	<u>\$ 18,680.70</u>	<u>4.58</u>	<u>18,676.12</u>

**Exhibit E-5**

**Schedule of Expenditures - Cash Basis**  
**Public Assistance Fund**  
**Year Ended December 31, 2009**

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Reported:			
Current Year Assistance (State Matching):			
Maintenance Payments	\$ 12,254.00		12,254.00
Other:			
Temporary Rental Assistance	4,965.00		4,965.00
Emergency Assistance	966.48		966.48
Transportation	130.00		130.00
Total Payments Reported	<u>18,315.48</u>		<u>18,315.48</u>
Assistance Ineligible for State Aid			
Interfund Transfers			
SSI Payments:			
Reimbursement to Clients			
Total Disbursements (P.A.T.F.)	<u>\$ 18,315.48</u>		<u>18,315.48</u>

## Borough of Kenilworth , N.J.

## Schedule of Reserve for Public Assistance

## Public Assistance Fund

Year Ended December 31, 2009

	<u>Ref.</u>	
Balance - December 31, 2008	E	\$ 9,140.67
Increased by Receipts:		
State Aid		17,200.00
Interest		10.70
Other		1,470.00
		<u>18,680.70</u>
		27,821.37
Decreased by Disbursements:		
Public Assistance		18,315.48
		<u>18,315.48</u>
Balance - December 31, 2009	E	\$ <u>9,505.89</u>

## Schedule of Reserve for Community Fund

## Public Assistance Fund

Year Ended December 31, 2009

	<u>Ref.</u>	
Balance - December 31, 2008	E	\$ 2,573.54
Increased by Receipts:		
Other - Donations		875.00
		<u>3,448.54</u>
Decreased by Disbursements:		
Other - Goodwill Expenditures		1,186.81
		<u>2,261.73</u>
Balance - December 31, 2009	E	\$ <u>2,261.73</u>

**BOROUGH OF KENILWORTH**

**PART II**

**LETTER ON COMPLIANCE AND ON INTERNAL CONTROL**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2009**

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 30, 2010

Honorable Mayor and  
Members of the Borough Council  
Borough of Kenilworth  
Kenilworth, New Jersey 07033

We have audited the financial statements-regulatory basis of the Borough of Kenilworth in the County of Union as of and for the year ended December 31, 2009, and have issued our report thereon dated June 30, 2010. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Borough of Kenilworth prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

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

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



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

#### Compliance and Other Matters

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

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

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



James J. Cerullo, C.P.A.  
Registered Municipal Accountant  
No. 415



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

June 30, 2010



## GENERAL COMMENTS

### Contracts and Agreements

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

Effective April 17, 2000 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500. On July 1, 2005, the bid threshold was increased to \$21,000.

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

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500 or \$21,000 after July 1, 2005, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

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

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$21,000 within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following item:

- Roadway Improvements
- Refuse Truck
- Curbside Collection and Disposal Grass Clippings
- Crack and Joint Sealing
- Tree and Arboreal

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 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 material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

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

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

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

The governing body on January 3, 2009 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, Chapter 75 of the Public Laws of 1991 of the State of New Jersey authorizes the governing body of each municipality by resolution to fix the rate of interest to be charged for nonpayment of taxes or assessments on or before the date when they would become delinquent, and

WHEREAS, the provisions of said statute provides that the rate of interest to be so charged may be fixed at a rate not to exceed 8% per annum on the first \$1,500. of delinquency, and a rate of 18% per annum on any amount in excess of \$1,500.

WHEREAS, the statute further provides that the governing body may provide that no interest shall be charged if payment is made within the tenth calendar day following the date which the same became payable, and

WHEREAS, (N.J.S.A. 54:4-67 AS AMENDED) also provides that the governing body may fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000. who fails to pay that delinquency prior to the end of the (calendar) fiscal year which shall not exceed (6%) six percent; and

WHEREAS, the Governing Body of the Borough of Kenilworth deems that implementation of Chapter 75 of the P.L. of 1991 (N.J.S.A. 54:4-67) the same is desirable and appropriate;

NOW THEREFORE BE IT RESOLVED, by the Governing Body of the Borough of Kenilworth that pursuant to the authority granted to it by N.J.S.A. 54:4-67, AS AMENDED that the rate of interest be set in the amount of 8% on the first 1,500. of the delinquency and at the rate of 18% on any amount in excess of \$1,500 provided payment is not made within the grace period of ten days from the date payable and that the penalty on amounts due in excess of \$10,000 at the close of the (calendar) fiscal year be set at 6% of the amount of the delinquency.

It appears from our test of the collector's record that interest was collected in accordance with the foregoing resolution.

### **Delinquent Taxes and Tax Title Liens**

The last tax sale was held on June 4, 2009, and was complete.

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2009	22
2008	22
2007	24

### **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, 2009, is not yet known, but a separate report will be rendered if any irregularities were developed.

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

### **OTHER COMMENTS**

#### **Treasurer**

There were three budget accounts that were overcommitted resulting in overexpenditures totaling \$8,087.47.

There exists various grant receivable and appropriated grant balances that have been inactive that should be reviewed for possible cancellation.

## RECOMMENDATIONS

1. That sufficient appropriation balances be available prior to commitment and expenditure of funds.
2. That the various grant receivable and appropriated grant balances that have been inactive be reviewed for possible cancellation.

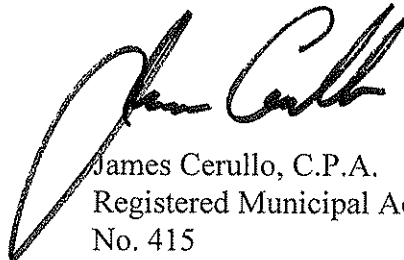
## STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all with the exception of those marked with an "\*".

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.

Very truly yours,



James Cerullo, C.P.A.  
Registered Municipal Accountant  
No. 415



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