

**REPORT OF AUDIT**  
**BOROUGH OF KENILWORTH**  
**COUNTY OF UNION**  
**DECEMBER 31, 2011**

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# **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, 2011**

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## **INDEPENDENT AUDITOR'S REPORT**

May 30, 2012

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, 2011 and 2010, and the related statements of operations and changes in fund balance-regulatory basis for the years then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2011. These financial statements are the responsibility of the 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

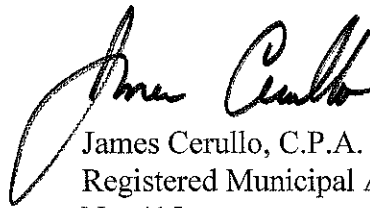
In our opinion, because of the Borough of Kenilworth's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Kenilworth, New Jersey as of December 31, 2011 and 2010 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, 2011 and 2010, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 30, 2012 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

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## Current Fund

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 3,001,056.84	3,290,744.82
Change Fund	A-6	250.00	250.00
		<u>3,001,306.84</u>	<u>3,290,994.82</u>
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-8	<u>8,518.92</u>	<u>9,539.47</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	359,754.10	255,959.74
Tax Title Liens Receivable	A-10	43,096.51	42,073.91
Property Acquired for Taxes -			
Assessed Valuation	A-11	157,200.00	157,200.00
Revenue Accounts Receivable	A-12	13,777.48	14,028.07
Prepaid Local School Tax	A-21	327,128.86	350,579.90
Interfund Receivables:			
Federal and State Grant Fund	A-13	15,618.13	
Assessment Trust Fund	A-13		34,522.92
Community Development Fund	A-13	3,767.85	3,192.36
Dog License Fund	A-13	3,038.00	1,156.60
Other Trust Fund	A-13		45,755.34
		<u>923,380.93</u>	<u>904,468.84</u>
Deferred Charges:			
Emergency Authorizations	A-14	61,000.00	
Special Emergency Authorizations	A-15	36,000.00	48,000.00
		<u>97,000.00</u>	<u>48,000.00</u>
		<u>4,030,206.69</u>	<u>4,253,003.13</u>
Federal and State Grant Fund:			
Cash	A-5	266,426.76	17,030.43
Grants Receivable	A-16	8,097.37	63,947.40
Interfund - Current Fund	A-17		78,376.20
Interfund - Other Trust Fund (CDBG)	A-17	3,192.00	
Interfund - General Capital Fund	A-17		92,127.00
		<u>277,716.13</u>	<u>251,481.03</u>
Total Assets		<u>\$ 4,307,922.82</u>	<u>4,504,484.16</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

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## Current Fund

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-18	611,944.19	603,190.26
Encumbrances Payable	A-19	102,578.52	128,109.84
Prepaid Taxes	A-20	98,401.85	92,875.04
County Taxes Payable	A-22	8,027.73	9,661.37
Interfund - Assessment Trust Fund	A-13	6.77	
Interfund - Other Trust Fund	A-13	543.70	
Interfund - Federal and State Grant Fund	A-13		78,376.20
Interfund - General Capital Fund	A-13	104,000.00	69,002.51
Tax Overpayments	A-23		19,804.84
Accounts Payable	A-23	1,140.84	9,558.34
Reserve for:			
Master Plan	A-23	19,788.71	25,589.93
Revaluation of Real Property	A-23	8,525.50	8,525.50
Preparation of Tax Map	A-23	4,826.88	4,826.88
Sale of Municipal Assets	A-23		300,000.00
Elevator Inspection Agency Fee	A-23	34,949.00	34,949.00
LOSAP Contributions	A-23	22,006.04	15,041.90
Purchase of Video Equipment	A-23	2,304.79	2,304.79
		<u>1,019,044.52</u>	<u>1,401,816.40</u>
Reserve for Receivables	Contra	923,380.93	904,468.84
Fund Balance	A-1	<u>2,087,781.24</u>	<u>1,946,717.89</u>
		<u>4,030,206.69</u>	<u>4,253,003.13</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-24	215,314.58	217,996.82
Unappropriated Reserve for Grants	A-25	46,783.42	33,484.21
Interfund - Current Fund	A-17	15,618.13	
		<u>277,716.13</u>	<u>251,481.03</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,307,922.82</u>	<u>4,504,484.16</u>

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

## Borough of Kenilworth, N.J.

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

## Current Fund

for the Years Ended December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 1,030,000.00	985,000.00
Miscellaneous Revenue Anticipated	A-2	2,489,657.03	2,411,814.18
Receipts from Delinquent Taxes	A-2	268,462.67	279,922.64
Receipts from Current Taxes	A-2	34,691,680.57	34,292,005.34
Non-Budget Revenue	A-2	301,609.98	97,003.71
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-18	460,860.14	182,458.74
Statutory Excess Dog License Fund	A-13	3,038.00	1,156.60
Interfunds Returned	A-13	84,627.22	81,419.65
Total Revenues and Other Income		<u>39,329,935.61</u>	<u>38,330,780.86</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	5,349,710.00	5,236,760.00
Other Expenses	A-3	6,289,826.85	6,137,282.19
Capital Improvement Fund	A-3	50,000.00	50,000.00
Municipal Debt Service	A-3	888,867.70	888,660.78
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,287,142.00	1,050,025.43
Local District School Tax	A-21	16,898,338.50	16,351,012.50
County Taxes including Added Taxes	A-22	7,106,434.37	7,078,499.85
Refund of Prior Year Revenues			5,347.39
Reserve for Prepaid Local School Taxes	A-21	327,128.86	350,579.90
Interfund Advances	A-13	22,423.98	84,627.22
Total Expenditures		<u>38,219,872.26</u>	<u>37,232,795.26</u>
Excess (Deficit) Revenue Over Expenditures		1,110,063.35	1,097,985.60
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			
Charges to Budget of Succeeding Year		<u>61,000.00</u>	
Statutory Excess to Fund Balance		1,171,063.35	1,097,985.60
Fund Balance, January 1,	A	<u>1,946,717.89</u>	<u>1,833,732.29</u>
		3,117,781.24	2,931,717.89
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>1,030,000.00</u>	<u>985,000.00</u>
Fund Balance, December 31,	A	<u>\$ 2,087,781.24</u>	<u>1,946,717.89</u>

**Borough of Kenilworth , N.J.**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2011**

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 1,030,000.00	1,030,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-12	18,000.00	19,515.00	1,515.00
Other	A-2	23,000.00	31,142.00	8,142.00
Fees and Permits				
Other	A-2	55,000.00	63,911.50	8,911.50
Fines and Costs:				
Municipal Court	A-12	190,000.00	158,304.21	(31,695.79)
Interest and Costs on Taxes	A-4	54,000.00	52,043.36	(1,956.64)
Cable T.V. Franchise Taxes	A-12	60,000.00	93,884.39	33,884.39
Video Game Fees	A-12			
Trailer Storage Fees	A-12	5,000.00	6,000.00	1,000.00
Uniform Fire Safety Act (Local Fees)	A-12	17,000.00	18,005.00	1,005.00
Energy Receipts Tax	A-12	886,638.00	886,638.00	
Consolidated Municipal Property Tax Relief Aid	A-12	109,550.00	109,550.00	
Uniform Construction Code Fees	A-12	115,000.00	299,655.00	184,655.00
Special Items of General Revenue Anticipated				
With Prior written Consent of Director of				
Local Government Services:				
Public and Private Revenues:				
Clean Communities Program	A-16	12,368.77	12,368.77	
Alcohol Education and Rehabilitation Fund	A-16	703.82	703.82	
Body Armor Replacement Program	A-16	2,786.56	2,786.56	
Recycling Tonnage Grant	A-16	17,625.06	17,625.06	
Other Special Items:				
Uniform Fire Safety Act	A-12	44,000.00	42,944.46	(1,055.54)
Sale of Municipal Assets	A-23	300,000.00	300,000.00	
Prior Year Prepaid School Taxes	A	350,000.00	350,579.90	579.90
Assessment Trust Surplus	A-4	24,000.00	24,000.00	
Total Miscellaneous Revenues	A-1	2,284,672.21	2,489,657.03	204,984.82
Receipts from Delinquent Taxes	A-1/A-2	255,004.14	268,462.67	13,458.53
Subtotal General Revenues		3,569,676.35	3,788,119.70	218,443.35
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal				
Purposes Including Reserve for Uncollected Taxes		10,513,171.00	10,965,184.20	452,013.20
Minimum Library Tax		546,724.00	546,724.00	
Total Amount to be Raised by Taxes for Support of Budget	A-2	11,059,895.00	11,511,908.20	452,013.20
Budget Totals		14,629,571.35	15,300,027.90	670,456.55
Non-Budget Revenue	A-1/A-2		301,609.98	301,609.98
		\$ 14,629,571.35	15,601,637.88	972,066.53
	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, 2011**

Analysis of Realized Revenues

Revenue from Collections	Ref. A-1/A-9	\$ 34,691,680.57
Allocated to School and County Taxes	A-9	<u>24,004,772.37</u>
Balance for Support of Municipal Budget Appropriations		10,686,908.20
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>825,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 11,511,908.20</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-9	252,431.69
Tax Title Liens	A-10	<u>16,030.98</u>
	A-2	<u>\$ 268,462.67</u>
Licenses - Other:		
Clerk	A-12	\$ 10,121.00
Police	A-12	375.00
Board of Health	A-12	<u>20,646.00</u>
	A-2	<u>\$ 31,142.00</u>
Fees and Permits - Other:		
Clerk	A-12	2,924.00
Police	A-12	3,262.50
Street Opening Fees	A-12	49,500.00
Variances / Tax Searches	A-12	280.00
Building / Zoning Fees	A-12	5,965.00
Board of Health	A-12	<u>1,980.00</u>
	A-2	<u>\$ 63,911.50</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, 2011**

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Revenues Accounts Receivable:		
Clerk - Maps , Building Codes , etc.	A-12	\$ 5,295.08
Interest on Investments	A-12	<u>3,612.55</u>
		\$ 8,907.63
Hotel Occupancy Tax		56,503.83
Board of Health Miscellaneous		40.00
Smoke Detector Inspections		4,175.00
DMV Fines		3,007.75
Senior Citizen & Veteran Deduction Handling Fee		2,228.99
Returned Check Fee		325.00
Duplicate Tax Bills		30.00
Interest on Assessments		201.63
Copies, Other Miscellaneous Items		6,110.79
Homestead Rebate Reimbursement		662.40
Worker's Compensation		9,411.73
Raritan Valley RR Lease		644.52
Property Maintenance Charges		418.08
Escheated Premium on Tax Sale		1,100.00
Industrial Waste Administrative Fee		2,883.00
Administrative Fee Outside Police Duty		13,492.50
Use of Vehicle Fee Outside Police duty		16,375.00
Sale of Municipal Assets		5,623.00
Various Reimbursements		<u>169,469.13</u>
	A-4	<u>292,702.35</u>
		<u><u>301,609.98</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				Unexpended Balance <u>Cancelled</u>
	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Year Ended December 31, 2011					
General Appropriations					
Operations - within "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Council					
Salaries and Wages	\$	1,200.00	1,200.00	500.00	700.00
Other Expenses		8,500.00	8,500.00	7,871.58	628.42
Municipal Clerk's Office					
Salaries and Wages		172,000.00	172,000.00	169,723.92	2,276.08
Other Expenses		37,875.00	37,875.00	34,996.62	2,878.38
Tax and Finance					
Salaries and Wages		172,000.00	172,000.00	168,910.30	3,089.70
Other Expenses		42,500.00	60,220.00	33,474.84	26,745.16
Auditing and Accounting Services					
Other Expenses		30,000.00	30,000.00	23,750.00	6,250.00
Assessment of Taxes					
Salaries and Wages		29,060.00	29,060.00	28,790.99	269.01
Other Expenses		5,475.00	5,475.00	557.13	4,917.87
Legal Services					
Other Expenses - Retainer		25,000.00	25,000.00	24,999.96	0.04
Other Expenses		90,000.00	90,000.00	64,545.32	25,454.68
Engineering Services and Costs					
Salaries and Wages		6,900.00	6,900.00	5,750.00	1,150.00
Other Expenses - Retainer		60,000.00	60,000.00	49,999.99	10,000.01
Other Expenses		37,000.00	37,350.00	21,107.74	16,242.26
MUNICIPAL LAND USE : (N.J.S. 40:55D-11)					
Planning Board					
Salaries and Wages		7,200.00	7,200.00	6,999.96	200.04
Other Expenses		5,525.00	5,525.00	3,567.59	1,957.41

## Borough of Kenilworth, N.J.

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## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

<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>
INSURANCE:						
Other Insurance Premiums		385,421.00	385,421.00	377,091.58	8,329.42	
Employee Group Health Insurance		1,570,534.00	1,570,534.00	1,570,534.00		
Unemployment Compensation Insurance		30,000.00	30,000.00	30,000.00		
Municipal Court:						
Salaries and Wages		147,000.00	147,000.00	138,266.21	8,733.79	
Other Expenses		12,945.00	12,945.00	9,930.89	3,014.11	
Public Defender						
Salaries and Wages		4,500.00	4,500.00		4,500.00	
PUBLIC SAFETY:						
Police						
Salaries and Wages		3,200,000.00	3,177,550.00	3,107,990.82	69,559.18	
Other Expenses		157,850.00	152,850.00	145,083.37	7,766.63	
Traffic Control and School Crossing Guards						
Salaries and Wages		152,200.00	152,200.00	149,764.90	2,435.10	
Other Expenses		28,750.00	28,750.00	22,030.85	6,719.15	
Emergency Management Services						
Other Expenses		3,500.00	3,500.00	2,556.57	943.43	
Contribution to First Aid/Rescue Squad		15,000.00	15,000.00	15,000.00		
Fire						
Salaries and Wages		5,000.00	5,000.00	5,000.00		
Other Expenses		291,056.00	291,056.00	290,211.09	844.91	
Fire Prevention Bureau						
Salaries and Wages		59,000.00	63,198.00	63,147.64	50.36	
Other Expenses		5,256.64	4,256.64	3,180.00	1,076.64	
Borough Prosecutor						
Salaries and Wages		15,000.00	15,001.00	15,000.04	0.96	



## Borough of Kenilworth, N.J.

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## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
PUBLIC WORKS FUNCTIONS:						
Road Repairs and Maintenance						
Salaries and Wages		825,000.00	825,000.00	745,016.99	79,983.01	
Other Expenses		73,950.00	72,950.00	65,341.57	7,608.43	
Snow Removal						
Other Expenses		35,000.00	28,300.00	21,885.30	6,414.70	
SANITATION:						
Garbage and Trash Removal						
Salaries and Wages		233,000.00	233,000.00	229,066.46	3,933.54	
Other Expenses		31,250.00	31,250.00	28,331.13	2,918.87	
Recycling						
Other Expenses		196,273.00	196,273.00	174,069.74	22,203.26	
Public Buildings and Grounds						
Salaries and Wages		59,000.00	59,000.00	51,982.13	7,017.87	
Other Expenses		45,500.00	45,500.00	41,085.87	4,414.13	
Sewer System						
Other Expenses		19,000.00	18,100.00	16,040.30	2,059.70	
Shade Trees						
Other Expenses		26,500.00	26,500.00	24,500.00	2,000.00	
Parks						
Other Expenses		5,130.00	5,130.00	3,979.12	1,150.88	
HEALTH AND WELFARE:						
Board of Health						
Salaries and Wages		68,500.00	68,500.00	60,364.76	8,135.24	
Other Expenses		25,233.00	25,233.00	20,337.07	4,895.93	
Dog and Cat Regulation						
Other Expenses		17,650.00	17,650.00	16,119.83	1,530.17	
Administration of Public Assistance						
Salaries and Wages		14,800.00	14,800.00	14,304.72	495.28	
Other Expenses		2,600.00	2,600.00	1,652.60	947.40	

## Borough of Kenilworth, N.J.

## Statement of Expenditures - Regulatory Basis

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## Current Fund

Year Ended December 31, 2011

<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>
Senior Citizens' Transportation						
Salaries and Wages		20,100.00	20,100.00	9,919.43	10,180.57	
Other Expenses		950.00	1,000.00	990.92	9.08	
Senior Citizen Director						
Salaries and Wages		6,000.00	6,000.00	5,000.04	999.96	
Other Expenses		7,500.00	7,500.00	7,047.36	452.64	
RECREATION AND EDUCATION:						
Parks and Playgrounds						
Salaries and Wages		5,000.00	5,001.00	5,000.04	0.96	
Other Expenses		26,100.00	27,400.00	25,457.86	1,942.14	
OTHER COMMON OPERATING FUNCTIONS:						
Celebration of Public Events Anniversary						
or Holiday						
Other Expenses		15,500.00	15,500.00	15,500.00		
Beautification						
Other Expenses		2,000.00	2,000.00	2,000.00		
UNIFORM CONSTRUCTION CODE:						
Construction Code Official						
Salaries and Wages		71,200.00	71,200.00	69,899.40	1,300.60	
Other Expenses		7,300.00	7,300.00	5,943.84	1,356.16	
Building Inspector						
Salaries and Wages		27,000.00	36,000.00	35,907.47	92.53	
Other Expenses		500.00	500.00		500.00	
Plumbing Inspector						
Salaries and Wages		14,400.00	15,300.00	15,211.64	88.36	
Other Expenses		200.00	200.00		200.00	
Electrical Inspector						
Salaries and Wages		13,400.00	13,600.00	13,554.52	45.48	
Other Expenses		200.00	200.00		200.00	

## Borough of Kenilworth, N.J.

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## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Fire Protection Official						
Salaries and Wages		14,300.00	14,300.00	13,955.72	344.28	
Other Expenses		200.00	200.00		200.00	
Zoning Enforcement Officer						
Salaries and Wages		6,000.00	7,100.00	7,049.43	50.57	
Other Expenses		200.00	200.00		200.00	
UNCLASSIFIED:						
Hurricane Irene Expenses:						
Police - Salaries & Wages (Emergency \$3,000.00)			3,000.00	2,986.23	13.77	
Road - Salaries & Wages (Emergency \$5,000.00)			5,000.00	4,783.60	216.40	
Road - Other Expenses (Emergency \$10,000.00)			10,000.00	9,403.88	596.12	
Garbage & Trash - Other Expenses (Emergency \$43,000.00)			43,000.00	32,353.16	10,646.84	
Utility Expenses/Bulk Purchases						
Utilities		269,100.00	271,300.00	255,192.57	16,107.43	
Street Lighting		120,000.00	120,000.00	96,369.06	23,630.94	
Fire Hydrant Service		133,000.00	133,000.00	121,000.00	12,000.00	
Solid Waste Disposal Costs		310,000.00	303,980.00	256,941.19	47,038.81	
Total Operations within "CAPS"		9,561,783.64	9,616,733.64	9,115,878.85	500,854.79	
Total Operations Including Contingent within "CAPS"		9,561,783.64	9,616,733.64	9,115,878.85	500,854.79	
Detail:						
Salaries and Wages	A-1	5,348,760.00	5,349,710.00	5,143,847.36	205,862.64	
Other Expenses	A-1	4,213,023.64	4,267,023.64	3,972,031.49	294,992.15	
PROOF:		9,561,783.64	9,616,733.64	9,115,878.85	500,854.79	

## Borough of Kenilworth, N.J.

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## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures						
Contribution to:						
Public Employees' Retirement System		238,320.00	238,320.00	238,320.00		
Social Security System (O.A.S.I.)		240,000.00	246,050.00	246,047.13	2.87	
Police and Firemen's Retirement System		790,772.00	790,772.00	790,772.00		
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	1,269,092.00	1,275,142.00	1,275,139.13	2.87	
Total General Appropriations for Municipal Purposes within "CAPS"		10,830,875.64	10,891,875.64	10,391,017.98	500,857.66	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)		546,724.00	546,724.00	546,724.00		
Rahway Valley Sewer Authority		1,151,829.00	1,151,829.00	1,151,829.00		
Share of Costs						
Insurance		191,766.00	191,766.00	152,274.55	39,491.45	
Emergency Services Volunteer Length of Services Award Program (P.L. 1997, c.388)		49,000.00	49,000.00		49,000.00	
Reserve for Tax Appeals		50,000.00	50,000.00	27,404.92	22,595.08	
Public and Private Programs Offset by Revenues						
Clean Communities Program		12,368.77	12,368.77	12,368.77		
Alcohol Education and Rehab. Fund - Municipal Court		703.82	703.82	703.82		
Recycling Tonnage Grant		17,625.06	17,625.06	17,625.06		
N.J. Division of Criminal Justice - Body Armor Grant		2,786.56	2,786.56	2,786.56		
Total Operations - Excluded from "CAPS"		2,022,803.21	2,022,803.21	1,911,716.68	111,086.53	
Detail:						
Other Expenses	A-1	2,022,803.21	2,022,803.21	1,911,716.68	111,086.53	
PROOF:		2,022,803.21	2,022,803.21	1,911,716.68	111,086.53	

## Borough of Kenilworth, N.J.

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## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Capital Improvements:						
Capital Improvement Fund		50,000.00	50,000.00	50,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	50,000.00	50,000.00	50,000.00		
Municipal Debt Service:						
Payment of Bond Principal		560,000.00	560,000.00	560,000.00		
Payment of Bond Anticipation Notes		104,000.00	104,000.00	104,000.00		
Interest on Bonds		187,492.50	187,492.50	187,492.50		24.80
Interest on Notes		37,400.00	37,400.00	37,375.20		24.80
Total Municipal Debt Service-Excluded from "CAPS"	A-1	888,892.50	888,892.50	888,867.70		24.80
Deferred Charges:						
Special Emergency Authorizations - 5 Years		12,000.00	12,000.00	12,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	12,000.00	12,000.00	12,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		2,973,695.71	2,973,695.71	2,862,584.38	111,086.53	24.80
Subtotal General Appropriations		13,804,571.35	13,865,571.35	13,253,602.36	611,944.19	24.80
Reserve for Uncollected Taxes		825,000.00	825,000.00	825,000.00		
Total General Appropriations		\$ 14,629,571.35	14,690,571.35	14,078,602.36	611,944.19	24.80
			A-2		A	
Adopted Budget	A-2		14,629,571.35			
Special Emergency Authorization	A-1/A-14		61,000.00			
			14,690,571.35			

## Borough of Kenilworth, N.J.

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## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2011

<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>Analysis of Paid or Charged</u>						
Cash Disbursed	A-4			13,105,539.63		
Deferred Charges - Special Emergency Authorization	A-15			12,000.00		
Encumbrances Payable	A-19			102,578.52		
Reserve for Uncollected Taxes	A-2			825,000.00		
Reserve for Grants	A-24			33,484.21		
				<u>\$ 14,078,602.36</u>		

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

## Exhibit B

## Borough of Kenilworth, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Assessment Fund:			
Cash	B-2/B-3	\$ 80,009.96	267,892.00
Assessments Receivable	B-4	127,529.95	207,998.96
Interfund - Current Fund	B-7	6.77	
		<u>207,546.68</u>	<u>475,890.96</u>
Dog License Fund:			
Cash	B-2	9,910.60	8,110.60
		<u>9,910.60</u>	<u>8,110.60</u>
Other Trust Funds:			
Cash - Other	B-2	465,986.37	566,947.13
Cash - Community Development	B-2	4,593.99	17,938.95
Cash - Unemployment Insurance	B-2	47,986.97	38,976.19
Cash - Payroll	B-2	579.73	5,663.88
Other Receivable	B-6	8,280.00	
Due from Union County Comm. Develop.	B-7	65,292.00	14,436.00
Interfund - Current Fund (Other)	B-8	536.70	
		<u>593,255.76</u>	<u>643,962.15</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Cash in Plan	B-2	370,859.68	368,220.59
Contributions Receivable	B-18	32,200.00	31,050.00
		<u>403,059.68</u>	<u>399,270.59</u>
Total Assets		<u>\$ 1,213,772.72</u>	<u>1,527,234.30</u>

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

**Exhibit B****Borough of Kenilworth, N.J.****Comparative Balance Sheet - Regulatory Basis****Trust Funds****December 31, 2011 and 2010**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Assessment Fund:			
Interfund - General Capital Fund	B-8	\$ 8,992.00	209,821.36
Interfund - Current Fund	B-8		34,522.92
Reserve for Assessments and Liens	B-9	12,633.44	12,633.44
Bond Anticipation Notes	B-10	161,850.35	170,842.35
Fund Balance	B-1	24,070.89	48,070.89
		<u>207,546.68</u>	<u>475,890.96</u>
Dog License Fund:			
Interfund - Current Fund	B-8	3,038.00	1,156.60
Reserve for Dog Fund Expenditures	B-11	6,872.60	6,945.60
Due to / (from) State Department of Health	B-12	0.00	8.40
		<u>9,910.60</u>	<u>8,110.60</u>
Other Trust Fund:			
Interfund - Current Fund (Community Dev.)	B-8	3,767.85	3,192.36
Interfund - Current Fund (Other)	B-8		45,755.34
Interfund - Grant Fund (Community Dev.)	B-8	3,192.00	
Other Trust Funds	B-13	472,812.61	532,997.95
Payroll Deductions Payable	B-14	579.73	5,663.88
Reserve for:			
Community Development	B-15	57,426.18	10,800.99
Unemployment Insurance	B-16	47,986.97	38,976.19
Beautification	B-17	4,287.14	3,372.16
Youth Commission	B-17	3,037.53	3,037.53
Park Revitalization	B-17	165.75	165.75
		<u>593,255.76</u>	<u>643,962.15</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-19	403,059.68	399,270.59
		<u>403,059.68</u>	<u>399,270.59</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 1,213,772.72</u>	<u>1,527,234.30</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, 2011**

Balance - December 31, 2010	<u>Ref.</u> B	\$ 48,070.89
Decreased by:		
Payment to Current Fund as Anticipated Revenue	B-2	<u>24,000.00</u>
Balance - December 31, 2011	B	\$ <u>24,070.89</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, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash	C-2/C-3	\$ 714,796.30	559,132.88
Due from State of New Jersey - Transportation Trust Fund	C-4	138,243.52	392,723.75
Due from Union County Community Development	C-4	34,942.00	34,942.00
Due from Borough of Roselle Park	C-4		11,833.72
Deferred Charges to Future Taxation:			
Funded	C-5	4,215,000.00	4,775,000.00
Unfunded	C-6	5,230,816.11	4,210,355.74
Prospective Assessments Raised by Taxation	C-7	4,050.00	950.00
Due from Assessment Trust Fund	C-8	8,992.00	209,821.36
Due from Current Fund	C-9	104,000.00	69,002.51
Total Assets		\$ <u>10,450,839.93</u>	<u>10,263,761.96</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Due to Grant Fund	C-10		92,127.00
General Serial Bonds	C-11	4,215,000.00	4,775,000.00
Bond Anticipation Notes	C-12	4,838,149.65	4,028,812.65
Improvement Authorizations:			
Funded	C-13	154,409.52	641,522.42
Unfunded	C-13	1,110,674.17	626,378.21
Capital Improvement Fund	C-14	33,968.81	58,568.81
Reserve for:			
Preliminary Improvement Costs-			
Drainage Facilities	C-15		5,973.00
Debt Service	C-16	7,991.63	
Grants Receivable	C-17	47,500.00	
Various Improvements	C-18	16,490.00	16,490.00
Prospective Assessments Raised by Taxation	Contra	4,050.00	950.00
Fund Balance	C-1	22,606.15	17,939.87
Total Liabilities, Reserves and Fund Balance		\$ <u>10,450,839.93</u>	<u>10,263,761.96</u>

Footnote: There was Authorized but not Issued Debt at December 31, 2011 and 2010  
of \$392,666.46 and \$181,543.09 respectively per Exhibit C-19.

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

**Exhibit C-1****Borough of Kenilworth , N.J.****Statement of Changes in Fund Balance - Regulatory Basis****General Capital Fund****Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	C	\$	17,939.87
Increased by:			
Premium on Sale of Notes	C-2		<u>16,500.00</u>
			34,439.87
Decreased by:			
Cancellation of Receivable	C-4	<u>11,833.72</u>	<u>11,833.72</u>
Balance - December 31, 2011	C/C-3	\$	<u><u>22,606.15</u></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

## Public Assistance Fund

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash - Public Assistance	E-1	\$ 38,072.90	21,884.06
Cash - Community Fund	E-7	<u>3,353.73</u>	<u>2,146.73</u>
Total Assets		<u>\$ 41,426.63</u>	<u>24,030.79</u>
<u>Liabilities</u>			
Reserve for Public Assistance	E-6	38,072.90	21,884.06
Reserve for Community Fund	E-7	<u>3,353.73</u>	<u>2,146.73</u>
Total Liabilities		<u>\$ 41,426.63</u>	<u>24,030.79</u>

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

## Borough of Kenilworth , N.J.

## Comparative Statement of General Fixed Assets

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>General Fixed Assets:</u>		
Land	\$ 4,517,100.00	\$ 4,517,100.00
Buildings	2,259,849.11	2,259,849.11
Machinery and Equipment	<u>5,499,218.59</u>	<u>5,536,968.80</u>
	<u>\$ 12,276,167.70</u>	<u>\$ 12,313,917.91</u>
 Investment in Fixed Assets	 <u>\$ 12,276,167.70</u>	 <u>\$ 12,313,917.91</u>

See accompanying notes to financial statements.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with 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, 2011 and 2010**  
**(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, 2011 and 2010**  
**(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, 2011 and 2010**  
**(continued)**

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

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

**Basis of Accounting, (continued)**

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the 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 2011, the budget was increased by \$61,000.00 funded by an emergency appropriation for flood related costs. In addition, several budget transfers were approved by the governing body.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

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

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

**Basis of Accounting, (continued)**

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, 2011 and 2010**  
**(continued)**

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

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

**Basis of Accounting, (continued)**

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, 2011 and 2010**  
**(continued)**

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

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

**Basis of Accounting, (continued)**

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, 2011, \$-0- of the Borough's bank balance of \$4,840,862.82 was exposed to custodial credit risk.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(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.

**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, 2011 and 2010**  
**(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, 2011 and 2010 amounted to \$370,859.68 and \$368,220.59, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Money Market	\$53,387.96	\$56,093.74
Fixed	51,634.45	48,743.91
Growth	173,402.75	157,212.03
Growth and Income	45,691.58	45,202.36
All Others	<u>46,742.94</u>	<u>60,968.55</u>
Total	<u>\$370,859.68</u>	<u>\$368,220.59</u>

**NOTE 3. MUNICIPAL DEBT**

Long-term debt as of December 31, 2011 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2010</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	\$4,775,000.00	\$	\$560,000.00	\$4,215,000.00	\$585,000.00
Other Liabilities - Compensated Absences Payable	<u>683,486.01</u>	<u>57,774.59</u>	<u>120,132.79</u>	<u>621,127.81</u>	<u>                    </u>
	<u>\$5,458,486.01</u>	<u>\$57,774.59</u>	<u>\$680,132.79</u>	<u>\$4,836,127.81</u>	<u>\$585,000.00</u>

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(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 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$9,053,149.65	\$8,803,812.65	\$8,897,000.00
Assessment:			
Bonds and Notes	<u>161,850.35</u>	<u>170,842.35</u>	<u>                    </u>
Total Issued	9,215,000.00	8,974,655.00	8,897,000.00
<u>Less:</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	<u>90,256.79</u>	<u>185,298.19</u>	<u>96,777.09</u>
	<u>9,124,743.21</u>	<u>8,789,356.81</u>	<u>8,800,222.91</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	312,735.00	181,543.09	260,098.09
Assessment:			
Bonds and Notes	<u>79,931.46</u>	<u>236,357.00</u>	<u>236,357.00</u>
Total Authorized But Not Issued	<u>392,666.46</u>	<u>417,900.09</u>	<u>496,455.09</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$9,517,409.67</u>	<u>\$9,207,256.90</u>	<u>\$9,296,678.00</u>

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

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

Summary of Statutory Debt Condition - Annual Debt Statements

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .56%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$14,960,000.00	\$14,960,000.00	\$0.00
General Debt	<u>9,607,666.46</u>	<u>90,256.79</u>	<u>9,517,409.67</u>
	<u>\$24,567,666.46</u>	<u>\$15,050,256.79</u>	<u>\$9,517,409.67</u>

Net Debt \$9,517,409.67 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,694,298,885.67 equals .56%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$59,300,461.00
Net Debt	<u>9,517,409.67</u>
Remaining Borrowing Power	<u>\$49,783,051.33</u>

The Borough's long term debt consisted of the following at December 31, 2011:

<u>Paid by Current Fund</u>	<u>Amount Outstanding</u>
\$2,440,000.00 of General Serial Bonds - issued February 1, 1997, due through February 1, 2012 with an interest rate of 5.10%	\$220,000.00
\$3,126,000.00 of General Serial Bonds - issued August 15, 2003, due through August 15, 2018 with variable interest rates from 3.25% to 4.00%	1,506,000.00
\$3,429,000.00 of General Serial Bonds - issued February 15, 2007, due through February 15, 2021 with variable interest rates from 3.75% to 4.00%	<u>2,489,000.00</u>
	<u>\$4,215,000.00</u>



**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(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 \$392,666.46

**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>
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>\$4,215,000.00</u>	<u>\$810,702.50</u>	<u>\$5,025,702.50</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, 2011 and 2010**  
**(continued)**

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

On December 31, 2011, the Borough had \$4,838,149.65 in outstanding general capital bond anticipation notes and \$161,850.35 in outstanding assessment trust bond anticipation notes that mature on December 14, 2012 at an interest rate of 1.00%.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2011.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Jefferies & Company, Inc.	\$0.00	\$5,000,000.00	\$	\$5,000,000.00
Valley National Bank	<u>4,199,655.00</u>		<u>4,199,655.00</u>	<u>0.00</u>
	<u>\$4,199,655.00</u>	<u>\$5,000,000.00</u>	<u>\$4,199,655.00</u>	<u>\$5,000,000.00</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, 2011, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2011</u>	<u>2012 Budget Appropriation</u>	<u>Balance to Succeeding Years</u>
Current Fund:			
Emergency Authorization	\$61,000.00	\$61,000.00	
Special Emergency Authorization	<u>36,000.00</u>	<u>12,000.00</u>	<u>24,000.00</u>
	<u>\$97,000.00</u>	<u>\$73,000.00</u>	<u>\$24,000.00</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>2011</u>	<u>2010</u>
Balance of Tax	\$8,122,040.14	\$8,098,589.60
Deferred	<u>8,449,169.00</u>	<u>8,449,169.50</u>
Tax Payable/(Prepaid)	<u>(\$327,128.86)</u>	<u>(\$350,579.90)</u>

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(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 Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemen's Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

*Public Employees' Retirement System (PERS)*

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

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

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

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

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

Description of Systems, (continued)

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

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

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

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

*Police and Firemens' Retirement System (PFRS)*

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

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

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

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

Description of Systems, (continued)

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

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

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

Contribution Requirements

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

The 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>
2011	\$238,320.00	\$790,772.00
2010	181,670.00	651,249.00
2009	161,008.00	607,048.00

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

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

Defined Contribution Retirement Program

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

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

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

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

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

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

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

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

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

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**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.

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 Kenilworth on a monthly basis.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

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

The Borough of Kenilworth contributions to SHBP for post-retirement benefits for the years ended December 31, 2011 and 2010 were \$389,822.17 and \$320,124.54, respectively, which equaled the required contributions for each year. There were 29 retired participants eligible at December 31, 2011 and 26 at December 31, 2010.

**NOTE 9. FUND BALANCES**

Fund balances as of December 31, 2011 and 2010 that have been anticipated as revenue in the 2012 and 2011 budgets are as follows:

	<u>2012 Budget</u>	<u>2011 Budget</u>
Current Fund	<u>\$1,225,000.00</u>	<u>\$1,030,000.00</u>

**NOTE 10. FIXED ASSETS**

The following is a summary of changes in the general fixed asset account group for the year 2011.

	<u>Balance Dec. 31, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2011</u>
Land	\$4,517,100.00	\$	\$	\$4,517,100.00
Buildings and Improvements	2,259,849.11			2,259,849.11
Machinery and Equipment	<u>5,536,968.80</u>	<u>96,094.65</u>	<u>133,844.86</u>	<u>5,499,218.59</u>
	<u>\$12,313,917.91</u>	<u>\$96,094.65</u>	<u>\$133,844.86</u>	<u>\$12,276,167.70</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 \$621,127.81. 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.



**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**NOTE 12. INTERFUND BALANCES AND ACTIVITY**

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

\$15,618.13	Due to the Current Fund from the Federal and State Grant Fund for Grant Fund expenditures paid by the Current Fund.
3,192.00	Due to the Federal and State Grant Fund from the Community Development Trust Fund for Community Development Fund bills paid by the Grant Fund.
543.70	Due to the Other Trust Fund from the Current Fund for Other Trust Fund receipts deposited in the Current Fund.
6.77	Due to the Assessment Trust Fund from the Current Fund for Assessment Trust Fund receipts deposited in the Current Fund.
104,000.00	Due to the General Capital Fund from the Current Fund for Current Fund bills paid by the General Capital Fund.
3,767.85	Due to the Current Fund from the Community Development Fund for Community Development Fund bills paid by the Current Fund.
3,038.00	Due to the Current Fund from the Animal License Trust for the statutory excess in the Animal License Trust.
<u>8,992.00</u>	Due to the General Capital Fund from the Assessment Trust Fund for assessments funded by the General Capital Fund.
<u>\$139,158.45</u>	

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

**NOTE 13. OPERATING LEASES**

The Borough has commitments to lease copiers under an operating lease that expires in 2013. Total operating lease payments made during the year ended December 31, 2011 were \$3,938.64. Future minimum lease payments are as follows:

	<u>Amount</u>
Year ending December 31,	
2012	\$3,938.64
2013	<u>1,969.32</u>
Total future minimum lease payments	<u>\$5,907.96</u>

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**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, 2011 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

**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 2011 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.

**BOROUGH OF KENILWORTH, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2011 and 2010**  
**(continued)**

**NOTE 15. RISK MANAGEMENT, (continued)**

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, 2011</u>	<u>Balance</u> <u>Dec 31, 2010</u>
Prepaid Taxes	<u>\$98,401.85</u>	<u>\$92,875.04</u>
Cash Liability for Taxes Collected in Advance	<u>\$98,401.85</u>	<u>\$92,875.04</u>

**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>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate:</u>	<u>3.973</u>	<u>3.912</u>	<u>3.724</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	1.192	1.198	1.142
Municipal Library	.062		
County	.776	.769	0.759
County Open Space	.028	.031	0.033
Local School	1.915	1.914	1.790

### Assessed Valuation:

2011	\$882,438,917		
2010		\$883,240,196	
2009			\$882,901,043

## 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>
2011	\$35,096,203.12	\$34,691,680.57	98.84%
2010	34,596,918.67	34,292,005.34	99.11
2009	32,926,959.17	32,599,771.56	99.01

## 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>
2011	\$43,096.51	\$359,754.10	\$402,850.61	1.148%
2010	42,073.91	255,959.74	298,033.65	.861
2009	90,439.87	304,627.43	395,067.30	1.20

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

Several properties have been acquired in 2011 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>
2011	\$157,200.00
2010	157,200.00
2009	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>
2011	\$2,087,781.24	\$1,225,000.00
2010	1,946,717.89	1,030,000.00
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

## 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	
Peter Corvelli	Councilman	
Toni Giordano	Councilwoman from 9/14/11	
Brian Joho	Councilman	
Scott Klinder	Councilman	
Kevin Leary, Jr.	Councilman to 9/14/11	
Fred Pugliese	Councilman	
Harvey Fruchter, Esq.	Attorney	
Robert Ordway	Chief Financial Officer, Tax Collector/Treasurer	\$170,000.00
Hedy Lipke	Borough Clerk	
Joanne Szelingiewicz	Court Administrator	\$20,000.00
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, 2011

Name of Federal Agency or Department	Federal Program	C.F.D.A. Account No.	Total Grant Award Amount	Original Grant Period		Balance Jan. 1, 2011	Receipts	Expended	Balance Dec. 31, 2011	Memo Cumulative Total Expenditures
				From	To					
Department of Housing and Urban Development Pass Through Funds: Union County	Community Development Block Grant									
	Firehouse Elevator	14.218	135,000.00	5/1/2004	2/28/2005	(18,452.00)			(18,452.00)	100,058.00
	Senior Citizen Chronic Illness	14.218	2,244.00	9/1/2010	8/31/2011	(336.00)	2,244.00	1,908.00		2,244.00
	Senior Citizens Services	14.218	9,192.00	9/1/2010	8/31/2011	(2,750.01)	9,192.00	6,441.99		9,192.00
	Senior Citizens Handyman	14.218	3,000.00	9/1/2010	8/31/2011	(549.00)	2,249.50	1,700.50		2,249.50
	ADA Curb/Ramp Improvements	14.218	13,802.00	9/1/2010	8/31/2011		13,802.00	13,802.00		13,802.00
	Senior Citizen Chronic Illness	14.218	2,020.00	9/1/2011	8/31/2012			448.00	(448.00)	448.00
	Senior Citizens Services	14.218	8,272.00	9/1/2011	8/31/2012			2,750.01	(2,750.01)	2,750.01
	Senior Citizens Transportation	14.218	5,000.00	9/1/2011	8/31/2012			3,267.81	(3,267.81)	3,267.81
	Senior Citizens Handyman	14.218	3,000.00	9/1/2011	8/31/2012			1,400.00	(1,400.00)	1,400.00
ADA Building Improvements Police ADA Curb/Ramp Improvements	14.218	32,000.00	9/1/2011	8/31/2012						
		15,000.00	9/1/2011	8/31/2012						
Department of Environmental Protection	Municipal Stormwater Regulation	66.605	8,468.00			237.43			237.43	8,230.57
U.S. Department of Transportation	Over the Limit Under Arrest	20.601	5,000.00				5,000.00		5,000.00	
U.S. Department of Justice Pass thru State or N.J.	Bulletproof Vest Partnership Program	16.607	2,497.50			1,780.50		1,780.50		2,497.50
	Bulletproof Vest Partnership Program	16.607	324.50			324.50		324.50		324.50
							32,487.50	33,823.31	(21,080.39)	146,463.89

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, 2011

State Funding Department	State Program	State Grant (Award) No.	Grant Award Amount	Balance Jan. 1, 2011	Receipts	Expended	Balance Dec. 31, 2011	Memo Cumulative Total Expenditures
Department of Environmental Protection	Clean Communities Program	4900-765-042-4900-04	11,903.62	624.84		624.84		11,903.62
	Clean Communities Program	4900-765-042-4900-04	12,368.77	12,368.77		7,242.86	5,125.91	7,242.86
	Clean Communities Program	4900-765-042-4900-04	11,645.87		11,645.87		11,645.87	
	Recycling Tonnage Grant	4900-752-042-4900	8,580.83	2,042.34		2,042.34		8,580.83
	Recycling Tonnage Grant	4900-752-042-4900	17,067.77	17,067.77		10,510.22	6,557.55	10,510.22
Department of Law and Public Safety	Recycling Tonnage Grant	4900-752-042-4900	17,625.06	17,625.06			20,826.40	
	Recycling Tonnage Grant	4900-752-042-4900	20,826.40		20,826.40			
	Body Armor Fund	1020-718-066-1020	3,220.17	2,541.84		2,541.84		3,220.17
	Body Armor Fund	1020-718-066-1020	2,914.52	2,914.52		1,073.16	1,841.36	1,073.16
	Body Armor Fund	1020-718-066-1020	2,786.56	1,232.54			1,232.54	
Pass Through County of Union	Body Armor Fund	1020-718-066-1020	2,786.56	2,786.56			2,786.56	
	Body Armor Fund	1020-718-066-1020	2,630.19		2,630.19		2,630.19	
	Drunk Driving Enforcement Fund	1110-101-030000-129040	4,494.04	1,422.76		1,422.76		4,494.04
	Drunk Driving Enforcement Fund	1110-101-030000-129040	3,667.78	3,667.78		3,667.78		3,667.78
	Drunk Driving Enforcement Fund	1110-101-030000-129040	1,793.25		1,793.25		1,793.25	
Department of Community Affairs	Municipal Alliance on Alcoholism and Drug Abuse	10-ALL-103	17,744.00	(9,830.16)	2,561.79		(7,268.37)	17,744.00
	Alcohol, Education & Rehab Fund	9735-760-060000	3,914.27	2,074.67		2,074.67		3,914.27
	Alcohol, Education & Rehab Fund	9735-760-060000	825.33	825.33		825.33		825.33
	Alcohol, Education & Rehab Fund	9735-760-060000	1,296.75	1,296.75		1,296.75		1,296.75
	Alcohol, Education & Rehab Fund	9735-760-060000	1,178.00	1,178.00		663.35	514.65	663.35
Department of Treasury	Alcohol, Education & Rehab Fund	9735-760-060000	324.87	324.87			324.87	
	Alcohol, Education & Rehab Fund	9735-760-060000	703.82	703.82			703.82	
	Alcohol, Education & Rehab Fund	9735-760-060000	1,887.71	1,887.71			1,887.71	
	Statewide Livable Communities - Capital Improv.	05-100-022-8030	190,000.00	62,602.08	53,286.24		115,890.32	74,109.58
	Special Purpose Grant - Senior Center	100-022-8050-306	25,481.91	75.55	75.55		9,971.84	25,481.91
Department of Human Services	Rodent Extermination	8030-100-04-86-20	25,000.00	9,971.84				15,028.16
	Domestic Preparedness Equipment Grant	9420-100-094-047	112,500.00	11.50			11.50	112,488.50
	General Assistance Program	7500-150-156010-60	17,414.29	19,246.90	33,601.98	17,414.29	35,437.59	17,414.29
	Municipal Aid Program - North 20th Street/Carnegie	6320-480-078-6320	200,000.00	(46,008.75)	61,973.75	15,965.00		200,000.00
	South 31st Street	6320-480-078-6320	175,000.00	(43,750.00)	43,750.00			175,000.00
Department of Transportation	North 8th Street	6320-480-078-6320	287,000.00		196,256.46	257,900.15	(61,643.67)	257,900.15
	Washington Avenue	6320-480-078-6320	190,000.00		142,500.00	147,327.52	(4,827.52)	147,327.52
				63,020.18	572,715.66	472,668.41	163,067.43	1,099,896.59

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, 2011

	<u>Ref.</u>		<u>Current Fund</u>
Balance - December 31, 2010	A		\$ 3,290,744.82
Increased by Receipts:			
Interest and Costs on Taxes	A-2	52,043.36	
Assessment Trust Surplus	A-2	24,000.00	
Miscellaneous Revenue Not Anticipated	A-2	292,702.35	
Petty Cash	A-7	250.00	
Due From State - Senior Citizen and Veteran Deductions	A-8	111,449.31	
Taxes Receivable	A-9	34,740,808.46	
Tax Title Liens Receivable	A-10	16,030.98	
Revenue Accounts Receivable	A-12	1,738,457.19	
Interfunds	A-13	189,177.69	
Prepaid Taxes	A-20	98,401.85	
Various Cash Liabilities and Reserves	A-23	36,165.09	
			<u>37,299,486.28</u>
			<u>40,590,231.10</u>
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	13,105,539.63	
Interfunds	A-13	166,764.69	
Appropriation Reserves	A-18	270,439.96	
Petty Cash	A-7	250.00	
Local District School Taxes	A-21	16,874,887.46	
County Taxes Payable	A-22	7,108,068.01	
Various Cash Liabilities and Reserves	A-23	63,224.51	
			<u>37,589,174.26</u>
Balance - December 31, 2011	A		<u><u>3,001,056.84</u></u>

**Borough of Kenilworth , N.J.**  
**Schedule of Cash - Collector-Treasurer**  
**Grant Fund**  
**Year Ended December 31, 2011**

	<u>Ref.</u>		<u>Grant Fund</u>
Balance - December 31, 2010	A	\$	17,030.43
Increased by Receipts:			
Grants Receivable	A-16	55,850.03	
Interfunds	A-17	186,121.33	
Unappropriated Reserve for Grants	A-25	<u>46,783.42</u>	
			<u>288,754.78</u>
			<u>305,785.21</u>
Decreased by Disbursements:			
Appropriated Reserve for Grants	A-24	36,166.45	
Interfunds	A-17	<u>3,192.00</u>	
			<u>39,358.45</u>
Balance - December 31, 2011	A		<u><u>266,426.76</u></u>

**Exhibit A-6**

**Borough of Kenilworth , N.J.**  
**Schedule of Cash - Change Fund**  
**Current Fund**  
**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	A	\$ <u>250.00</u>
Balance - December 31, 2011	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, 2011**

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

## Current Fund

## Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010 (Due From)	A	\$ 9,539.47
Increased by:		
Senior Citizens' Deductions Per Tax Billing		\$ 28,500.00
Veterans' Deductions Per Tax Billing		85,500.00
Senior Citizens' and Veterans' Allowed		<u>2,000.00</u>
		116,000.00
Less:		
Senior Citizens' and Veterans' Disallowed		<u>5,571.24</u>
	A-9	<u>110,428.76</u>
		119,968.23
Decreased by:		
State Share of Senior Citizens and Veteran		
Deductions Received in Cash	A-4	<u>111,449.31</u>
Balance - December 31, 2011 (Due from)	A	\$ <u><u>8,518.92</u></u>

## Borough of Kenilworth, N.J.

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

## Current Fund

## Year Ended December 31, 2011

Year	Balance, Dec. 31, 2010	Levy	Added Taxes	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2011
				2010	2011				
2010	255,959.74				256,463.20	(4,031.51)		3,528.05	
	255,959.74				256,463.20	(4,031.51)		3,528.05	
2011		35,059,299.58	36,903.54	92,875.04	34,484,345.26	114,460.27	16,345.61	28,422.84	359,754.10
	255,959.74	35,059,299.58	36,903.54	92,875.04	34,740,808.46	110,428.76	16,345.61	31,950.89	359,754.10
	A			A-2/A-20	A-2/A-4	A-2/A-8	A-10		A

## Analysis of Tax Levy

Tax yield:		Ref.
General Property Tax		35,033,351.24
Public Utility Tax		25,948.34
Added Tax (R.S. 54:4-63.1 et seq.)		36,903.54
		\$ 35,096,203.12
Tax Levy:		
Local District School Tax	A-21	16,898,338.00
County Tax	A-22	
County Open Space Tax	A-22	\$ 6,849,577.94
Added County Taxes including Open Space	A-22	249,377.18
		7,479.25
	A-2	24,004,772.37
Local Tax for Municipal Purposes	A-2	
Additional Taxes		11,059,895.00
		31,535.75
		\$ 35,096,203.12

**Exhibit A-10****Borough of Kenilworth , N.J.****Schedule of Tax Title Liens****Current Fund****Year Ended December 31, 2011**

Balance - December 31, 2010	<u>Ref.</u> A	\$ 42,073.91
Increased by:		
Interest/Penalty		707.97
Transfer from Taxes Receivable	A-9	<u>16,345.61</u>
		59,127.49
Decreased by:		
Tax Liens Paid	A-2/A-4	<u>16,030.98</u>
Balance - December 31, 2011	A	\$ <u><u>43,096.51</u></u>

**Exhibit A-11****Schedule of Property Acquired for  
Taxes Assessed Valuation****Current Fund****Year Ended December 31, 2011**

Balance - December 31, 2010	<u>Ref.</u> A	\$ <u>157,200.00</u>
Balance - December 31, 2011	A	\$ <u><u>157,200.00</u></u>

## Borough of Kenilworth, N.J.

Page 1 of 2

## Schedule of Revenue Accounts Receivable

## Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Clerk:					
Licenses:					
Alcoholic beverages	A-2 \$		19,515.00	19,515.00	
Other	A-2		10,121.00	10,121.00	
Fees and Permits	A-2		2,924.00	2,924.00	
Video Games	A-2				
Misc. - Maps, Building Codes, etc.	A-2		5,295.08	5,295.08	
Board of Health:					
Licenses	A-2		20,646.00	20,646.00	
Fees and Permits	A-2		1,980.00	1,980.00	
Fire Prevention Bureau:					
Uniform Fire Safety Act (Local Fees)	A-2		18,005.00	18,005.00	
Police Department:					
Licenses	A-2		375.00	375.00	
Fees and Permits	A-2		3,262.50	3,262.50	
Municipal Court :					
Fines and Costs	A-2	14,028.07	158,053.62	158,304.21	13,777.48
Uniform Construction Code:					
Fees and Permits	A-2		299,655.00	299,655.00	
Trailer Storage Fees	A-2		6,000.00	6,000.00	
Street Opening Fees	A-2		49,500.00	49,500.00	
Variances / Tax Search Fees	A-2		280.00	280.00	
Building / Zoning Miscellaneous Fees	A-2		5,965.00	5,965.00	



## Borough of Kenilworth, N.J.

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## Schedule of Revenue Accounts Receivable

## Current Fund

Year Ended December 31, 2011

	Ref.	Balance Dec. 31, 2010	Accrued	Collected	Balance Dec. 31, 2011
Energy Receipts Tax	A-2		886,638.00	886,638.00	
Consolidated Municipal Property Tax					
Relief Aid	A-2		109,550.00	109,550.00	
Cable T.V. Franchise Fee	A-2		93,884.39	93,884.39	
Uniform Fire Safety Act (Life Hazard Use)	A-2		42,944.46	42,944.46	
Interest on Investments and Deposits	A-2		3,612.55	3,612.55	
		\$ 14,028.07	1,738,206.60	1,738,457.19	13,777.48
		A			A
Receipts	A-4			1,738,457.19	
				1,738,457.19	

## Borough of Kenilworth , N.J.

## Schedule of Interfunds

## Current Fund

Year Ended December 31, 2011

Fund	Ref.	Due From/(To) Balance			Due From/(To) Balance	
		Dec. 31, 2010	Increased	Decreased	Dec. 31, 2011	
Dog License Trust	A	\$ 1,156.60	3,038.00	1,156.60	3,038.00	
Assessment Trust Fund	A	34,522.92		34,529.69	(6.77)	
Community Development Trust	A	3,192.36	3,767.85	3,192.36	3,767.85	
Other Trust	A	45,755.34		46,299.04	(543.70)	
Federal and State Grant Fund	A	(78,376.20)	93,994.33		15,618.13	
General Capital Fund	A	(69,002.51)	69,002.51	104,000.00	(104,000.00)	
		<u>\$ (62,751.49)</u>	<u>169,802.69</u>	<u>189,177.69</u>	<u>(82,126.49)</u>	
<u>Analysis</u>						
Due to Current Fund	A/A-1	84,627.22			22,423.98	
Due from Current Fund		(147,378.71)			(104,550.47)	
		<u>(62,751.49)</u>			<u>(82,126.49)</u>	
Statutory Excess in Dog License Trust	A-1		3,038.00			
Disbursed	A-4		166,764.69			
Received	A-4			189,177.69		
			<u>169,802.69</u>	<u>189,177.69</u>		

## Schedule of Deferred Charges

## Current Fund

Year Ended December 31, 2011

	Dec. 31, 2010	2011 Budget	Resulting From 2011	Balance, Dec. 31, 2011
Emergency Authorizations			61,000.00	61,000.00
			<u>61,000.00</u>	<u>61,000.00</u>
	<u>A</u>			<u>A</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, 2011

<u>Date authorized</u>	<u>Purpose</u>	<u>Amount authorized</u>	<u>1/5 of net amount authorized</u>	<u>Balance, Dec. 31, 2010</u>	<u>Reduced in 2011</u>	<u>Balance, Dec. 31, 2011</u>
2/11/2009	Master Plan	\$ 60,000.00	12,000.00	48,000.00	12,000.00	36,000.00
		\$ 60,000.00	12,000.00	48,000.00	12,000.00	36,000.00
				<u>A</u>	<u>A-3</u>	<u>A</u>

## Borough of Kenilworth , N.J.

## Schedule of Grants Receivable

## Federal and State Grant Fund

Year Ended December 31, 2011

<u>Grant</u>	Balance, Dec. 31, 2010	Budget Revenue	Received	Balance, Dec. 31, 2011
Clean Communities Grant	\$	12,368.77	12,368.77	
Municipal Alliance on Alcoholism and Drug Abuse	9,830.16		2,561.79	7,268.37
Alcohol Education and Rehabilitation Fund		703.82	703.82	
Recycling Tonnage Grant		17,625.06	17,625.06	
N.J. Division of Criminal Justice - Body Armor		2,786.56	2,786.56	
Fire Act Grant	829.00			829.00
Statewide Livable Communities	53,288.24		53,288.24	
	<u>\$ 63,947.40</u>	<u>33,484.21</u>	<u>89,334.24</u>	<u>8,097.37</u>
	A	A-2		A
	<u>Ref.</u>			
Transfer from Unappropriated Reserve for Grants	A-25		33,484.21	
Receipts	A-5		55,850.03	
			<u>89,334.24</u>	

## Schedule of Interfunds Receivable/(Payable)

## Federal and State Grant Fund

Year Ended December 31, 2011

<u>Fund</u>	Due From/(To) Balance Dec. 31, 2010	Increased	Decreased	Due From/(To) Balance Dec. 31, 2011
Current Fund	\$ 78,376.20		93,994.33	(15,618.13)
Other Trust Fund (CDBG)		3,192.00		3,192.00
General Capital Fund	92,127.00		92,127.00	
	<u>\$ 170,503.20</u>	<u>3,192.00</u>	<u>186,121.33</u>	<u>(12,426.13)</u>
	A	A-5	A-5	A

## Borough of Kenilworth , N.J.

## Schedule of Appropriation Reserves

Page 1 of 3

## Current Fund

Year Ended December 31, 2011

	Balance, Dec. 31, <u>2010</u>	Balance after Encumbrances and Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
Mayor and Council	\$ 200.00	200.00		200.00
Municipal Clerk's Office	6.95	6.95		6.95
Tax and Finance	4,360.72	4,360.72		4,360.72
Assessment of Taxes	620.65	620.65		620.65
Engineering Services and Costs	575.00	1,150.00	1,150.00	
Planning Board	0.04	0.04		0.04
Police	42,739.41	42,739.41	(1,148.05)	43,887.46
Traffic Control and School Crossing Guards	3,420.93	3,420.93		3,420.93
Inspector of Oil Burners	300.00	300.00		300.00
Fire Prevention Bureau	3,347.24	3,347.24		3,347.24
Borough Prosecutor	291.71	291.71	291.71	
Road Repairs and Maintenance	64,225.31	64,225.31	3,254.46	60,970.85
Garbage and Trash Removal	5,413.37	5,413.37	708.41	4,704.96
Public Buildings and Grounds	3,020.67	3,020.67		3,020.67
Board of Health	0.13	0.13		0.13
Administration of Public Assistance	495.28	495.28		495.28
Senior Citizen Transportation	144.25	144.25		144.25
Senior Citizen Director	1,166.59	1,166.59		1,166.59
Municipal Court	6,143.16	6,143.16	324.87	5,818.29
Public Defender	4,500.00	4,500.00		4,500.00
Parks and Playgrounds	416.63	416.63		416.63
Construction Code Official	1,081.90	1,081.90		1,081.90
Plumbing Inspector	448.36	448.36		448.36
Electrical Inspector	0.48	0.48		0.48
Fire Protection Official	484.28	484.28		484.28
Housing Inspector	10.00	10.00		10.00
Total Salaries and Wages Within "CAPS"	143,413.06	143,988.06	4,581.40	139,406.66
Other Expenses Within "CAPS":				
Mayor and Council	1,628.94	2,233.74	604.80	1,628.94
Municipal Clerk's Office	3,273.13	3,961.95	868.34	3,093.61
Tax and Finance	216.95	686.95	470.00	216.95
Auditing and Accounting Services	7,000.00	7,000.00	7,000.00	
Assessment of Taxes	5,984.15	2,515.00	230.85	2,284.15
Legal Services and Costs	29,493.12	45,405.45	20,573.79	24,831.66
Engineering Services and Costs	6,429.75	6,819.75	390.00	6,429.75
Planning Board	1,338.03	1,369.20	31.17	1,338.03
Other Insurance	15,489.43	16,446.80	957.37	15,489.43
Police	9,707.38	13,922.17	4,883.53	9,038.64
Traffic Control and School Crossing Guards	512.84	10,274.40	10,009.06	265.34
Emergency Management Services	22.00	295.00	273.00	22.00

## Borough of Kenilworth, N.J.

## Schedule of Appropriation Reserves

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## Current Fund

## Year Ended December 31, 2011

	Balance, Dec. 31, <u>2010</u>	Balance after Encumbrances and Transfers	Paid or Charged	Balance Lapsed
Fire	193.33	10,056.41	10,016.95	39.46
Fire Prevention Bureau	2,909.25	2,909.25	2,108.25	801.00
Road Repairs and Maintenance	8,754.46	14,742.22	5,291.76	9,450.46
Snow Removal	7,520.98	12,999.03	6,060.12	6,938.91
Garbage and Trash Removal	5,550.42	13,502.12	7,426.48	6,075.64
Solid Waste Disposal Costs	46,742.58	46,742.58	15,686.99	31,055.59
Recycling	12,997.07	28,802.47	12,715.14	16,087.33
Public Buildings and Grounds	7,302.94	8,841.77	1,815.39	7,026.38
Sewer System	2,178.00	2,473.00	295.00	2,178.00
Shade Trees		2,000.00	2,000.00	
Parks	3,400.00	3,400.00		3,400.00
Board of Health	6,250.29	8,169.40	3,926.00	4,243.40
Dog and Cat Regulation	1,380.17	1,495.17	1,267.53	227.64
Administration of Public Assistance	1,894.10	1,894.10		1,894.10
Senior Citizen Transportation	347.10	347.10		347.10
Senior Citizen Director	566.12	1,091.12	525.00	566.12
Handyman Program	2,000.00	2,000.00		2,000.00
Parks and Playground	3,879.10	4,869.23	1,384.14	3,485.09
Municipal Court	526.53	1,058.72	863.27	195.45
Celebration of Public Events etc.	1,464.87	6,134.87	6,134.87	
Construction Code Official	453.07	958.25	930.18	28.07
Building Inspector	500.00	500.00		500.00
Plumbing Inspector	500.00	500.00		500.00
Electrical Inspector	150.00	150.00		150.00
Fire Protection Official	500.00	500.00		500.00
Zoning Enforcement Officer	200.00	200.00		200.00
Street Lighting	11,222.47	12,086.11	12,024.47	61.64
Utilities	13,689.33	26,422.50	26,303.52	118.98
Fire Hydrant Service	1,062.50	11,562.50	11,000.00	562.50
Total Other expenses Within "CAPS"	<u>225,230.40</u>	<u>337,338.33</u>	<u>174,066.97</u>	<u>163,271.36</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Public Employees' Retirement System	89.90	89.90		89.90
Social Security System (O.A.S.I.)	<u>5,459.66</u>	<u>5,469.76</u>	<u>(6,120.82)</u>	<u>11,590.58</u>
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>5,549.56</u>	<u>5,559.66</u>	<u>(6,120.82)</u>	<u>11,680.48</u>
Total Reserves Within "CAPS"	<u>374,193.02</u>	<u>486,886.05</u>	<u>172,527.55</u>	<u>314,358.50</u>

## Borough of Kenilworth , N.J.

## Schedule of Appropriation Reserves

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## Current Fund

Year Ended December 31, 2011

	Balance, Dec. 31, <u>2010</u>	Balance after Encumbrances and Transfers	Paid or Charged	Balance <u>Lapsed</u>
Other Expenses Excluded From "CAPS":				
Rahway Valley Sewer Authority Share of Costs	63,887.00	63,887.00		63,887.00
Reserve for Tax Appeals	50,000.00	50,000.00	23,295.96	26,704.04
Emergency Services Volunteer Length of Serv.	49,000.00	49,000.00	33,350.00	15,650.00
Maintenance of Free Public Library	9,124.68	9,124.68	9,124.68	
Employee Group Health Insurance	53,530.95	68,584.76	31,778.77	36,805.99
Municipal Alliance - Municipal Share	3,454.61	3,817.61	363.00	3,454.61
Total Other Expenses Excluded from "CAPS"	<u>228,997.24</u>	<u>244,414.05</u>	<u>97,912.41</u>	<u>146,501.64</u>
Total Reserves Excluded from "CAPS"	<u>228,997.24</u>	<u>244,414.05</u>	<u>97,912.41</u>	<u>146,501.64</u>
Total Reserves	\$ <u>603,190.26</u>	<u>731,300.10</u>	<u>270,439.96</u>	<u>460,860.14</u>
	A			A-1
	<u>Ref.</u>			
Appropriation Reserves	Above	603,190.26		
Transfer from Encumbrances Payable	A-19	<u>128,109.84</u>		
		<u>731,300.10</u>		
Disbursed	A-4		<u>270,439.96</u>	
			<u>270,439.96</u>	

**Exhibit A-19**

**Borough of Kenilworth , N.J.**  
**Schedule of Encumbrances Payable**  
**Current Fund**  
**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	A	\$ 128,109.84
Increased by:		
Transfer from Current Appropriations	A-3	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">102,578.52</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
		230,688.36
Decreased by:		
Transfer to Appropriation Reserves	A-18	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">128,109.84</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance - December 31, 2011	A	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 102,578.52</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px;"></div> </div>

**Exhibit A-20**

**Schedule of Prepaid Taxes**  
**Current Fund**  
**Year Ended December 31, 2011**

Balance - December 31, 2010	A	\$ 92,875.04
Increased by:		
Receipts - Prepaid 2012 Taxes	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">98,401.85</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
		191,276.89
Decreased by:		
Applied to 2011 Taxes	A-9	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">92,875.04</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance - December 31, 2011	A	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 98,401.85</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px;"></div> </div>



**Borough of Kenilworth , N.J.**  
**Schedule of Local District School Tax**  
**Current Fund**  
**Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010			
School Tax Payable / (Prepaid)	A/A-1	(350,579.90)	
School Tax Deferred		<u>8,449,169.50</u>	
			8,098,589.60
Increased by:			
Levy School Year - July 1, 2011 to June 30, 2012	A-9		<u>16,898,338.00</u>
			24,996,927.60
Decreased by:			
Payments	A-4		<u>16,874,887.46</u>
Balance - December 31, 2011			
School Tax Payable / (Prepaid)	A/A-1	(327,128.86)	
School Tax Deferred		<u>8,449,169.00</u>	
			<u>8,122,040.14</u>
2011 Liability for Local District School Tax:			
Tax Paid			16,874,887.46
School Taxes Payable / (Prepaid) December 31, 2011			<u>(327,128.86)</u>
			16,547,758.60
Less: School Taxes Payable / (Prepaid) December 31, 2010			<u>(350,579.90)</u>
Amount Charged to 2011 Operations	A-1		<u>16,898,338.50</u>

Exhibit A-22

**Schedule of County Taxes Payable**  
**Current Fund**  
**Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	A		\$ 9,661.37
Increased by:			
Levy - General	A-1/A-9	\$ 6,849,577.94	
Levy - Open Space	A-1/A-9	249,377.18	
Added and Omitted Taxes	A-1/A-9	<u>7,479.25</u>	<u>7,106,434.37</u>
			7,116,095.74
Decreased by:			
Payments	A-4		<u>7,108,068.01</u>
Balance - December 31, 2011	A		<u>\$ 8,027.73</u>

Borough of Kenilworth, N.J.  
Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2011

		Balance, Dec. 31, 2010	Increased	Decreased	Balance, Dec. 31, 2011
<u>Liabilities and Reserves</u>					
<u>Liabilities:</u>					
Tax Overpayments		\$ 19,804.84	29,200.95	49,005.79	
Accounts Payable		9,558.34		8,417.50	1,140.84
<u>Reserves for:</u>					
Master Plan Update		25,589.93		5,801.22	19,788.71
Revaluation of Real Property		8,525.50			8,525.50
Preparation of Tax Map		4,826.88			4,826.88
Elevator Inspection Agency Fees		34,949.00			34,949.00
Purchase of Video Equipment		2,304.79			2,304.79
Sale of Municipal Assets		300,000.00		300,000.00	
LOSAP Contributions		15,041.90	6,964.14		22,006.04
		<u>\$ 420,601.18</u>	<u>36,165.09</u>	<u>363,224.51</u>	<u>93,541.76</u>
		A			A
<u>Applied to Current Year Revenue</u>					
Receipts	Ref. A-2		300,000.00		
Disbursed	A-4		36,165.09	63,224.51	
			<u>36,165.09</u>	<u>363,224.51</u>	

## Borough of Kenilworth, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

## Year Ended December 31, 2011

<u>Grant</u>	Balance, Dec. 31, 2010	Transfer From 2011 Budget	Expended	Balance, Dec. 31, 2011
Body Armor Grant	\$ 6,688.90	2,786.56	3,615.00	5,860.46
Drunk Driving Enforcement Fund	5,090.54		5,090.54	
Alcohol Education and Rehabilitation Fund	5,699.62	703.82	4,860.10	1,543.34
Clean Communities Grant	624.84	12,368.77	7,867.70	5,125.91
Municipal Stormwater Regulation	237.43			237.43
Statewide Local Domestic Preparedness Grant	11.50			11.50
Senior Citizen Program Grant	75.55		75.55	
Union County Downtown Grant	51,662.17			51,662.17
Statewide Livable Communities - Capital Improvements	115,890.32			115,890.32
Bullet Proof Vest Partnership Program	2,105.00		2,105.00	
Homeland Security Fire Act Grant	829.00			829.00
Recycling Tonnage Grant	19,110.11	17,625.06	12,552.56	24,182.61
DCA - Rodent Extermination	9,971.84			9,971.84
	<u>\$ 217,996.82</u>	<u>33,484.21</u>	<u>36,166.45</u>	<u>215,314.58</u>
	A	A-3	A-5	A

## Borough of Kenilworth , N.J.

## Schedule of Unappropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2011

<u>Grant</u>	Balance, Dec. 31, <u>2010</u>	Transfer To 2011 <u>Budget</u>	<u>Received</u>	Balance, Dec. 31, <u>2011</u>
Drunk Driving Enforcement Fund	\$		1,793.25	1,793.25
Clean Communities	12,368.77	12,368.77	11,645.87	11,645.87
Alcohol Education and Rehabilitation Fund	703.82	703.82	1,887.71	1,887.71
Recycling Tonnage Grant	17,625.06	17,625.06	20,826.40	20,826.40
Over the Limit Under Arrest			5,000.00	5,000.00
Union County Recycling Grant			3,000.00	3,000.00
Body Armor Replacement	<u>2,786.56</u>	<u>2,786.56</u>	<u>2,630.19</u>	<u>2,630.19</u>
	\$ <u>33,484.21</u>	<u>33,484.21</u>	<u>46,783.42</u>	<u>46,783.42</u>
	A	A-16	A-5	A

## Borough of Kenilworth, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	<u>Assessment Trust Fund</u>	<u>Dog License Fund</u>	<u>Other Trust Funds</u>	<u>Emergency Services Volunteers LOSAP</u>
Balance - December 31, 2010	B	\$ 267,892.00	8,110.60	629,526.15	368,220.59
Increase by Receipts:					
Assessments Receivable	B-4	80,469.01			
Interfund - Current Fund	B-8			6,959.85	
Dog License Fees	B-5		5,252.60		
State Share of Dog License Fees	B-5		1,028.40		
Grants Receivable - Community Development	B-7			27,487.50	
Other Trust Funds	B-13			541,631.86	
Payroll Deductions Payable	B-14			7,212,156.32	
Reserve for Unemployment Insurance	B-16			37,993.13	
Reserve for Beautification	B-17			1,989.05	
LOSAP Contributions	B-18				33,350.00
Net Assets Available for Benefits	B-19				(2,994.69)
Total Receipts		<u>80,469.01</u>	<u>6,281.00</u>	<u>7,828,217.71</u>	<u>30,355.31</u>
		<u>348,361.01</u>	<u>14,391.60</u>	<u>8,457,743.86</u>	<u>398,575.90</u>
Decreased by Disbursements:					
Payment to Current Fund - Anticipated Revenue	B-1	24,000.00			
Other Receivable	B-6			8,280.00	
Interfund - Current Fund	B-8	34,529.69	1,156.60	46,292.04	
Interfund - General Capital Fund	B-8	209,821.36			
Interfund - Current Fund	B-8			3,192.36	
Reserve for Dog Expenditures	B-11		2,287.60		
Due State Department of Health	B-12		1,036.80		
Other Trust Funds	B-13			601,817.20	
Payroll Deductions Payable	B-14			7,217,240.47	
Reserve for Community Development	B-15			31,718.31	
Reserve for Unemployment Insurance	B-16			28,982.35	
Reserve for Beautification	B-17			1,074.07	
Net Assets Available for Benefits	B-19				27,716.22
Total Disbursements		<u>268,351.05</u>	<u>4,481.00</u>	<u>7,938,596.80</u>	<u>27,716.22</u>
Balance - December 31, 2011	B	\$ <u>80,009.96</u>	<u>9,910.60</u>	<u>519,147.06</u>	<u>370,859.68</u>
Analysis Other Trust Funds:					
Other				465,986.37	
Community Development				4,593.99	
Unemployment Insurance				47,986.97	
Payroll				579.73	
				<u>519,147.06</u>	

**Borough of Kenilworth , N.J.**  
**Analysis of Assessment Cash**  
**Assessment Trust Fund**  
**Year Ended December 31, 2011**

	<u>Ref.</u>	
Assessment Bond Aticipation Notes:		
Ordinance 2007-13		\$ 70,364.00
Ordinance 2008-12		11,901.16
Interfund - General Capital		(26,319.32)
Interfund - Current Fund	B-8	(6.77)
Fund Balance	B-1	<u>24,070.89</u>
		<u>\$ 80,009.96</u>
		B

## Borough of Kenilworth, N.J.

## Schedule of Assessments Receivable

## Trust Funds

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance Dec. 31, 2010	Assessments Confirmed	Collected	Balance Dec. 31, 2011	Bond Anticipation Notes	Balance Pledged to Capital Fund	Reserve
03-10	Curbing - Commonwealth Rd.	05/07/08	5	06/06/08-12	4,349.55		2,174.79	2,174.76		999.76	1,175.00
04-14/04-16	Curbing - Various Streets	05/07/08	5	06/06/08-12	30,703.84		15,361.33	15,342.51		11,425.28	3,917.23
05-12	Curbing - Various Streets	05/07/08	5	06/06/08-12	25,858.07		13,421.69	12,436.38		8,408.90	4,027.48
06-16	Curbing - Various Streets	05/07/08	5	06/06/08-12	31,426.08		16,948.70	14,477.38		14,477.38	
07-13	Curbing - Various Streets	03/07/10	5	04/12/10-14	94,020.74		27,363.01	66,657.73	65,244.00		1,413.73
08-12	Curbing - North 11th Street	03/07/10	5	04/12/10-14	21,640.68		5,199.49	16,441.19	14,341.19		2,100.00
					\$ 207,998.96		80,469.01	127,529.95	79,585.19	35,311.32	12,633.44
					B		B-2	B			B-9

## Borough of Kenilworth , N.J.

## Schedule of Cash Dog Licenses Collector

## Trust Funds

Year Ended December 31, 2011

Ref.

## Increased by:

Dog License Fees - Borough Share	B-10	\$	5,252.60	
State Fees Collected	B-11		<u>1,028.40</u>	<u>6,281.00</u>

## Decreased by:

Dog License Fees Paid to Treasurer	B-2		5,252.60	
State Fees Paid to Treasurer	B-2		<u>1,028.40</u>	<u><u>6,281.00</u></u>

## Schedule of Other Receivable

## Trust Funds

Year Ended December 31, 2011

Ref.

## Increased by:

Disbursed	B-2		<u>8,280.00</u>
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Balance - December 31, 2011

B		<u><u>8,280.00</u></u>
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## Borough of Kenilworth, N.J.

## Schedule of Due From Union County

## Community Development Block Grants

## Other Trust Funds

Year Ended December 31, 2011

	<u>Grant</u>	<u>Period</u>	Balance Dec. 31, 2010	Grant Awarded	Received	Canceled	Balance Dec. 31, 2011
10-231	Senior Citizen Chronic Illness	9/1/10 - 8/31/11	\$ 2,244.00		2,244.00		2,020.00
11-231	Senior Citizen Chronic Illness	9/1/11 - 8/31/12		2,020.00			
10-232	Senior Citizen Program	9/1/10 - 8/31/11	9,192.00		9,192.00		8,272.00
11-232	Senior Citizen Program	9/1/11 - 8/31/12		8,272.00			
11-233	Senior Citizen Transportation	9/1/11 - 8/31/12		5,000.00			5,000.00
10-399	Senior Citizen Handyman Program	9/1/10 - 8/31/11	3,000.00				3,000.00
11-399	Senior Citizen Handyman Program	9/1/11 - 8/31/12		3,000.00	2,249.50	750.50	
11-030	ADA Building Renovations	9/1/11 - 8/31/12		32,000.00			32,000.00
10-128	ADA Curb/Ramp Imp.	9/1/10 - 8/31/11		13,802.00	13,802.00		
11-128	ADA Curb/Ramp Imp.	9/1/11 - 8/31/12		15,000.00			15,000.00
			\$ 14,436.00	79,094.00	27,487.50	750.50	65,292.00
			<u>B</u>	<u>B-15</u>	<u>B-2</u>	<u>B-15</u>	<u>B</u>

## Borough of Kenilworth, N.J.

## Schedule of Interfunds

## Trust Funds

Year Ended December 31, 2011

	Due to/(from) Balance Dec. 31, 2010	Increased	Decreased	Due to/(from) Balance Dec. 31, 2011
<b>INTERFUND - CURRENT FUND</b>				
Assessment Trust	\$ 34,522.92		34,529.69	(6.77)
Dog License Trust	1,156.60	3,038.00	1,156.60	3,038.00
Other Trust	45,755.34		46,292.04	(536.70)
Community Development Trust	3,192.36	3,767.85	3,192.36	3,767.85
<b>INTERFUND - GRANT FUND</b>				
Community Development Trust		3,192.00		3,192.00
<b>INTERFUND - GENERAL CAPITAL</b>				
Assessment Trust	209,821.36	8,992.00	209,821.36	8,992.00
	<u>\$ 294,448.58</u>	<u>18,989.85</u>	<u>294,992.05</u>	<u>18,446.38</u>
	B			B
	<u>Ref.</u>			
Disbursed - Dog	B-2		1,156.60	
Statutory Excess Dog License Trust	B-11	3,038.00		
Assessment Notes Paid by Capital	B-10	8,992.00		
Disbursed - Assessment Trust	B-2		244,351.05	
Receipts - Community Dev. Trust	B-2	6,959.85		
Disbursed - Community Dev. Trust	B-2		3,192.36	
Disbursed - Other Trust	B-2		46,292.04	
		<u>18,989.85</u>	<u>294,992.05</u>	

## Schedule of Reserve for Assessments and Liens

## Trust Funds

Year Ended December 31, 2011

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>
<b>Assessments Receivable:</b>			
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
Curbing Various Street	07-13	B-4	1,413.73
Curbing - North 11th Street	08-12	B-4	2,100.00
			<u>\$ 12,633.44</u>
			B

## Borough of Kenilworth, N.J.

## Schedule of Bond Anticipation Notes Payable

## Assessment Trust Fund

Year Ended December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Amount Issued</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2011</u>
2007-13	Construction of Curbs	143,142.00	12/16/08	12/15/11	12/14/12	1.00%	143,142.00	135,608.00	143,142.00	135,608.00
2008-12	Construction of Curbs	40,900.00	12/16/08	12/15/11	12/14/12	1.00%	27,700.35	26,242.35	27,700.35	26,242.35
							\$ 170,842.35	161,850.35	170,842.35	161,850.35
							B			B
								161,850.35	161,850.35	
								8,992.00		
								161,850.35	170,842.35	

Ref.

Renewals

B-8

Paid by Budget Appropriation

**Borough of Kenilworth , N.J.**  
**Reserve for Dog Fund Expenditures**

**Trust Funds**

**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	B	\$ 6,945.60
Increased by:		
Dog License Fees	B-5	<u>5,252.60</u>
		12,198.20
Decreased by:		
Expenditures R.S. 4:19-1511	B-2	2,287.60
Statutory Excess	B-8	<u>3,038.00</u>
		<u>5,325.60</u>
Balance - December 31, 2011	B	<u><u>\$ 6,872.60</u></u>

	<u>License Fees Collected</u>	
<u>Year</u>		
2010		\$ 3,413.80
2009		<u>3,458.80</u>
		<u><u>\$ 6,872.60</u></u>

**Schedule of Due (from) / to State Department of Health**

**Trust Funds**

**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	B	\$ 8.40
Increased by:		
State Fees Collected	B-5	<u>\$ 1,028.40</u>
		1,036.80
Decreased by:		
Paid to State	B-2	<u>\$ 1,036.80</u>
Balance - December 31, 2011	B	<u><u>\$ 0.00</u></u>

## Borough of Kenilworth , N.J.

## Schedule of Other Trust Funds

## Trust Funds

Year Ended December 31, 2011

	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
Tax Sale Premiums	\$ 138,000.00	49,700.00	125,300.00	62,400.00
State Building Surcharge Fees	2,257.00	31,230.00	21,185.00	12,302.00
Conservation Fund	88.37			88.37
Performance Deposits	6,033.00	10,788.00	9,709.20	7,111.80
Inflow Infiltration	57,919.00			57,919.00
Traffic Light Maintenance Fund	486.09			486.09
Donations for Police Equipment	670.56	5,566.31	2,685.00	3,551.87
Forfeited Funds Police - County	159,080.22	100,180.07	100,186.88	159,073.41
Forfeited Funds Police - Federal	3,749.37			3,749.37
Due to State - Marriage Surcharge Fees	210.00	1,025.00	1,050.00	185.00
Due to State - Burial Permit Fees	50.00			50.00
Municipal Court - P.O.A.A.	632.90	172.00		804.90
Recreation Programs	13,171.00	54,296.25	54,729.21	12,738.04
Paving and Sewer Maintenance Escrow	7,482.50			7,482.50
Escrow Deposits	50,747.16	37,144.14	50,968.67	36,922.63
Fire Prevention Penalties	10,950.00	8,600.00		19,550.00
Municipal Alliance Donations	729.85			729.85
Pride in Kenilworth Donations	5,560.46	2,110.00	1,490.58	6,179.88
Street Opening Deposits	13,500.00			13,500.00
Building Department Escrow Deposits	22,695.20			22,695.20
County Environmental Health Act	864.15			864.15
Kenilworth Wrestling Club	(217.96)	1,957.96	370.00	1,370.00
Public Defender Fees	7,250.00	7,207.00	4,740.00	9,717.00
Outside Police Duty	4,242.34	21,080.02	18,923.18	6,399.18
Board of Health Clinics	20,974.62			20,974.62
Donations for National Night Out	25.00		5.00	20.00
Tase Grant	1,814.50			1,814.50
Centennial	3,165.48	8,244.10	7,300.00	4,109.58
Unidentified	56.93		33.26	23.67
Outside Lien Redemptions	810.21	202,331.01	203,141.22	
	<u>\$ 532,997.95</u>	<u>541,631.86</u>	<u>601,817.20</u>	<u>472,812.61</u>
	B	B-2	B-2	B

## Borough of Kenilworth, N.J.

## Schedule of Payroll Deductions

## Trust Funds

Year Ended December 31, 2011

	Balance Dec. 31, 2010	Receipts	Disbursed	Balance Dec. 31, 2011
	\$			
Federal Withholding		776,926.20	776,926.20	
Social Security / Medicare		439,691.03	439,691.03	
State Withholding		198,785.96	198,785.96	
Unemployment Insurance		11,220.86	11,220.86	
PBA Dues		12,090.00	12,090.00	
P.E.R.S. / Loans / Back Ded. Etc.		140,181.74	140,181.74	
P.E.R.S. Contributory Insurance		10,765.23	10,765.23	
Contributions Medical	271.23	27,864.21	27,842.81	292.63
P.F.R.S. / Loans Etc.		297,371.74	297,371.74	
DCRP/Other		1,996.31	2,228.84	(232.53)
Union Dues		8,778.00	8,778.00	
Savings Bonds	6.25	50.00	56.25	
Supplemental Annuity		8,228.67	8,228.67	
Credit Union / Direct Deposit		416,072.00	416,072.00	
Miscellaneous	4,784.45	198.18	5,067.67	(85.04)
Family Leave		1,582.42	1,582.42	
State Pension Payment		1,029,092.00	1,029,092.00	
Garnishment/Child Support		11,056.97	11,056.97	
Deferred Compensation		146,056.00	146,056.00	
AFLAC	601.95	31,506.60	31,503.88	604.67
Roth IRA		2,340.00	2,340.00	
Net Payroll		3,640,302.20	3,640,302.20	
	\$ 5,663.88	7,212,156.32	7,217,240.47	579.73
	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, 2011

	Grant	Period	Balance Dec. 31, 2010	Grant Awarded	Paid or Charged	Canceled	Balance Dec. 31, 2011
10-231	Senior Citizen Chronic Illness	9/1/10 - 8/31/11	\$ 1,908.00		1,908.00		
11-231	Senior Citizen Chronic Illness	9/1/11 - 8/31/12		2,020.00	448.00		1,572.00
10-232	Senior Citizen Program	9/1/10 - 8/31/11	6,441.99	8,272.00	6,441.99		5,521.99
11-232	Senior Citizen Program	9/1/11 - 8/31/12			2,750.01		
11-233	Senior Citizen Transportation	9/1/11 - 8/31/12		5,000.00	3,267.81		1,732.19
10-399	Senior Citizen Handyman Program	9/1/10 - 8/31/11	2,451.00		1,700.50	750.50	1,600.00
11-399	Senior Citizen Handyman Program	9/1/11 - 8/31/12		3,000.00	1,400.00		
11-030	ADA Building Renovations	9/1/11 - 8/31/12		32,000.00			32,000.00
10-128	ADA Curb/Ramp Imp.	9/1/10 - 8/31/11		13,802.00	13,802.00		15,000.00
11-128	ADA Curb/Ramp Imp.	9/1/11 - 8/31/12		15,000.00			
			<u>\$ 10,800.99</u>	<u>79,094.00</u>	<u>31,718.31</u>	<u>750.50</u>	<u>57,426.18</u>
			<u>B</u>	<u>B-6</u>	<u>B-2</u>	<u>B-6</u>	<u>B</u>

## Borough of Kenilworth , N.J.

## Schedule of Reserve for Unemployment Insurance

## Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	B	\$ 38,976.19
Increased by:		
Budget Appropriation		\$ 30,000.00
Interest Earned		17.17
Deductions from Employees		<u>7,975.96</u>
	B-2	<u>37,993.13</u>
		76,969.32
Decreased by:		
Disbursed	B-2	<u>28,982.35</u>
Balance - December 31, 2011	B	\$ <u><u>47,986.97</u></u>



## Borough of Kenilworth , N.J.

## Schedule of Other Trust Reserves

## Trust Fund

Year Ended December 31, 2011

	<u>Ref.</u>	<u>Beautification</u>	<u>Youth Commission</u>	<u>Park Revitalization</u>
Balance - December 31, 2010	B	\$ 3,372.16	3,037.53	165.75
Increased by:				
Receipts - Donations	B-2	<u>1,989.05</u>	<u>                    </u>	<u>                    </u>
		<u>1,989.05</u>	<u>                    </u>	<u>                    </u>
		5,361.21	3,037.53	165.75
Decreased by:				
Disbursements	B-2	<u>1,074.07</u>	<u>                    </u>	<u>                    </u>
Balance - December 31, 2011	B	\$ <u>4,287.14</u>	<u>3,037.53</u>	<u>165.75</u>

## LOSAP Contribution Receivable

## Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	B	\$ 31,050.00
Increased by:		
Borough Contributions	B-19	<u>34,500.00</u>
		65,550.00
Decreased by:		
Received	B-2	<u>33,350.00</u>
Balance - December 31, 2011	B	\$ <u>32,200.00</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, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	B		\$ 399,270.59
Increased by:			
Borough Contributions	B-18	34,500.00	
Appreciation	B-2	<u>(2,994.69)</u>	
			<u>31,505.31</u>
			430,775.90
Decreased by:			
Withdrawals		25,787.76	
Administrative Charges		<u>1,928.46</u>	
	B-2		<u>27,716.22</u>
Balance - December 31, 2011	B		<u><u>403,059.68</u></u>

## Borough of Kenilworth , N.J.

## Schedule of Cash

## General Capital Fund

Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010	C	\$	559,132.88
Increased by Receipts:			
Due from N.J. Transportation Trust Fund	C-4	444,480.23	
Premium on Sale of Bond Antic. Notes	C-1	16,500.00	
Interfund - Assessment Trust Fund	C-8	209,821.36	
Interfund - Current Fund	C-9	69,002.51	
Bond Anticipation Notes	C-12	4,838,149.65	
Budget Appropriations:			
Capital Improvement Fund	C-14	50,000.00	
Reserve for Debt Service	C-16	<u>7,991.63</u>	
			<u>5,635,945.38</u>
			6,195,078.26
Decreased by Disbursements:			
Bond Anticipation Notes	C-12	3,924,812.65	
Improvement Authorizations	C-13	1,344,377.31	
Interfund - Assessment Trust Fund	C-8	8,992.00	
Interfund - Current Fund	C-9	104,000.00	
Interfund - State and Federal Grant Fund	C-10	92,127.00	
Reserve for Preliminary Costs	C-15	<u>5,973.00</u>	
			<u>5,480,281.96</u>
Balance - December 31, 2011	C	\$	<u><u>714,796.30</u></u>

## Borough of Kenilworth , N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Fund Balance	C-1	\$ 22,606.15
Due from New Jersey Transportation Trust Fund	C-4	(90,743.52)
Due from Union County Community Development	C-4	(34,942.00)
Due from Assessment Trust Fund	C-8	(8,992.00)
Due from Current Fund	C-9	(104,000.00)
Capital Improvement Fund	C-14	33,968.81
Reserve for Debt Service	C-16	7,991.63
Reserve for Various Improvements	C-18	16,490.00

## Improvement Authorizations:

## Ordinance

<u>Number</u>	<u>Improvement Description</u>	
95-24	Purchase of Street Sweeper	(100.00)
03-17	Various Improvements	(250.00)
04-06	Various Improvements Amend Ord. 03-04	88,117.90
04-08	Various Improvements	2,640.59
04-13	Various Improvements Amend Ord. 03-17	8,201.47
04-17	Imp. to Lafayette Pumping Station	1,682.84
05-13	Sanitary Sewer Maintenance	31,036.34
05-14	Storm Drainage Improvements	16,514.25
05-20	Various Capital Improvements	150.00
06-04	Improvement to North 17th Street	614.96
06-15	Purchase of Street Sweeper	1,988.00
07-11	Purchase of Leaf Collector	5,960.30
07-14	Construction of Library Elevator	8,546.95
07-15	Purchase of Fire Rescue Pumper	1,214.58
08-14	Various Capital Improvements	77,774.68
08-17	Acquisition of Vehicles	1,748.52
09-16	Acquisition of Sewer Jet Truck	13,787.00
09-20	Acquisition of Police Desk	875.00
09-21	Fire House Renovation	875.00
10-03	Acquisition of Real Property	16,227.42
10-11	Renovations to Municipal Facilities	363.17
10-12	2010 Capital Road Program	28,592.70
11-06	Various Improvements or Purposes	567,587.37
00-13	Construction of Curbs	(7,981.46)
01-04	Construction of Curbs - Clinton Avenue	(10,050.00)
08-12	Construction of Curbing - North 11th Street	13,199.65
11-06	Construction of Curbs - Roosevelt Lane	3,100.00

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\$ 714,796.30

C

## Borough of Kenilworth, N.J.

## Schedule of Various Receivables

## General Capital Fund

Year Ended December 31, 2011

	Balance, Dec. 31, 2010	Grants Approved	Cash Received	Cancelled	Balance, Dec. 31, 2011
<u>New Jersey Transportation Trust Fund:</u>					
Ord. 08-11 - Improvement of North 20th Street Carnegie Street	61,973.75		61,973.75		
Ord. 09-22 - Improvement of South 31st Street	43,750.00		43,750.00		90,743.52
Ord. 10-12 - Improvement of North 8th Street	287,000.00		196,256.48		47,500.00
Ord. 11-06 - Improvement of Washington Avenue		190,000.00	142,500.00		
	<u>392,723.75</u>	<u>190,000.00</u>	<u>444,480.23</u>		<u>138,243.52</u>
<u>Union County Community Development:</u>					
Reserve for Firehouse Elevator	34,942.00				34,942.00
	<u>34,942.00</u>				<u>34,942.00</u>
<u>Due from Borough of Roselle Park</u>					
Ord. 2000-06 - Improvements to Colfax Avenue	11,833.72			11,833.72	
	<u>\$ 439,499.47</u>	<u>190,000.00</u>	<u>444,480.23</u>	<u>11,833.72</u>	<u>173,185.52</u>
	<u>C</u>	<u>C-17</u>	<u>C-2</u>	<u>C-1</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, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	C	\$ 4,775,000.00
Decreased by:		
Serial Bonds Paid by Current Year		
Budget Appropriations	C-11	<u>560,000.00</u>
Balance - December 31, 2011	C	\$ <u>4,215,000.00</u>

## Borough of Kenilworth, N.J.

## Schedule of Deferred Charges to Future Taxation - Unfunded

Page 1 of 2

## General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Balance, Dec. 31, 2010	2011 Authorizations	Reduction	Balance, Dec. 31, 2011	Analysis of Balance - Dec. 31, 2011		
						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		9,900.00	30,000.00	30,000.00		
07-12	Various Improvements	585,963.00		20,963.00	565,000.00	565,000.00		
07-14	Various Improvements	138,700.00		5,700.00	133,000.00	133,000.00		
07-15	Various Improvements	679,250.00		39,250.00	640,000.00	640,000.00		
08-11	Various Road Improvements	492,000.00		27,492.00	464,508.00	464,508.00		
08-14	Various Improvements	292,000.00			292,000.00	292,000.00		
08-15	Acquisition of Computer Equipment	28,500.00			28,500.00	28,500.00		
08-17	Acquisition of Vehicles	82,800.00			82,800.00	82,800.00		
09-15/22	Various Road Improvements	631,750.00			631,750.00	631,750.00		
09-16	Acquisition of Sewer Jet Truck	232,750.00			232,750.00	232,750.00		
09-19	Sanitary Sewer Repairs	76,000.00			76,000.00	76,000.00		
09-20	Acquisition of Police Desk	72,200.00			72,200.00	72,200.00		
09-21	Fire House Renovation	24,700.00			24,700.00	24,700.00		
10-03	Acquisition of Real Property	326,100.00			326,100.00	326,100.00		
10-12	2010 Capital Road Program	313,000.00			313,000.00	313,000.00		
11-06	Various Improvements or Purposes		1,358,500.00	142,500.00	1,216,000.00	913,337.00		302,663.00

## Borough of Kenilworth, N.J.

## Schedule of Deferred Charges to Future Taxation - Unfunded

Page 2 of 2

## General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Balance, Dec. 31, 2010	2011 Authorizations	Reduction	Balance, Dec. 31, 2011	Analysis of Balance - Dec. 31, 2011		
						Financed by Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
<u>Local Improvements:</u>								
00-13	Construction of Curbs	24,514.55		16,533.09	7,981.46		7,981.46	
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				
04-16	Construction of Curbs - Various Streets	34,548.00		34,548.00				
06-16	Construction of Curbs - Various Streets	92,935.55		92,935.55				
08-12	Construction of Curbing - No. 11th Street	13,199.65		695.00	12,504.65	12,504.65		61,900.00
11-08	Construction of Curbing - Roosevelt Lane		61,900.00		61,900.00			
		<u>\$ 4,210,355.74</u>	<u>1,420,400.00</u>	<u>399,939.63</u>	<u>5,230,816.11</u>	<u>4,838,149.65</u>	<u>18,381.46</u>	<u>374,285.00</u>
		C	C-13		C			
	Notes Paid by Budget Appropriation		Ref.			Improvement Authorizations - Unfunded		1,110,674.17
	Cancelled		C-12	104,000.00		Less: Unexpended Proceeds of Bond		
	Funded by Grant Receipts		C-13/C-19	153,439.63		Anticipation Notes	5,960.30	
			C-17/C-19	142,500.00		Ord. Number :	8,546.95	
				<u>399,939.63</u>			1,214.58	
							13,199.65	
							77,774.68	
							1,748.52	
							13,787.00	
							875.00	
							875.00	
							16,227.42	
							28,592.70	
							567,587.37	736,389.17
								<u>374,285.00</u>



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

**General Capital Fund**

**Year Ended December 31, 2011**

<u>Improvement Description</u>	Ord. No.	Balance Dec. 31, 2010	Financed by Capital Improvement Fund	Balance Dec. 31, 2011
Construction of Curbs - Clinton Ave.	01-04	950.00		950.00
Construction of Curbing - Roosevelt Lane	11-08		3,100.00	3,100.00
		<u>950.00</u>	<u>3,100.00</u>	<u>4,050.00</u>
		<u>C</u>	<u>Reserve</u>	<u>C</u>

**Exhibit C-8**

**Borough of Kenilworth , N.J.**  
**Schedule of Interfund Assessment Trust Fund**  
**General Capital Fund**  
**Year Ended December 31, 2011**

		<u>Ref.</u>	
Balance - December 31, 2010	Due from	C	\$ 209,821.36
Increased by:			
Assessment Notes Paid by Capital		C-2	<u>8,992.00</u>
			218,813.36
Decreased by:			
Receipts		C-2	<u>209,821.36</u>
Balance - December 31, 2011	Due from	C/C-3	\$ <u><u>8,992.00</u></u>

**Exhibit C-9**

**Schedule of Interfund - Current Fund**  
**General Capital Fund**  
**Year Ended December 31, 2011**

		<u>Ref.</u>	
Balance - December 31, 2010 - Due from		C	\$ 69,002.51
Increased by:			
Note Principal Paid by Capital		C-2	<u>104,000.00</u>
			173,002.51
Decreased by:			
Receipts		C-2	<u>69,002.51</u>
Balance - December 31, 2011 - Due from		C/C-3	\$ <u><u>104,000.00</u></u>

**Exhibit C-10**

**Schedule of Interfund - State and Federal Grant Fund**  
**General Capital Fund**  
**Year Ended December 31, 2011**

		<u>Ref.</u>	
Balance - December 31, 2010 - Due to		C	\$ 92,127.00
Decreased by:			
Disbursed		C-2	<u>92,127.00</u>
Balance - December 31, 2011 - Due to		C/C-3	\$ <u><u>          </u></u>

## Borough of Kenilworth, N.J.

## Schedule of General Serial Bonds Payable

## General Capital Fund

Year Ended December 31, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2011</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2010</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2011</u>
			<u>Date</u>	<u>Amount</u>				
General Improve. Bonds of 1997	2/1/1997	\$ 2,440,000.00	2-1-2012	220,000.00	5.10%	440,000.00	220,000.00	220,000.00
General Improve. Bonds of 2003	8/15/2003	\$ 3,126,000.00	8-15-2012	215,000.00	3.75%	1,716,000.00	210,000.00	1,506,000.00
			8-15-2013/17	215,000.00	4.00%			
			8-15-2018	216,000.00	4.00%			
General Improve. Bonds of 2007	2/15/2007	3,429,000.00	11-15-2012	150,000.00	3.75%	2,619,000.00	130,000.00	2,489,000.00
			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%			
						<u>\$ 4,775,000.00</u>	<u>560,000.00</u>	<u>4,215,000.00</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, 2011

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2010	Increased	Decreased	Balance, Dec. 31, 2011
2007-11	Purchase of Leaf Collector	39,900.00	12/16/08	12/15/11	12/14/12	1.00%	39,900.00	30,000.00	39,900.00	30,000.00
2007-12	Various Road Improvements	585,963.00	12/16/08	12/15/11	12/14/12	1.00%	585,963.00	565,000.00	585,963.00	565,000.00
2007-14	Constr. Of Library Elevator	138,700.00	12/16/08	12/15/11	12/14/12	1.00%	138,700.00	133,000.00	138,700.00	133,000.00
2007-15	Purchase of Fire Rescue Pumper	679,250.00	12/16/08	12/15/11	12/14/12	1.00%	679,250.00	640,000.00	679,250.00	640,000.00
2008-11	Various Road Improvements	492,000.00	12/16/08	12/15/11	12/14/12	1.00%	492,000.00	464,508.00	492,000.00	464,508.00
2008-12	Construction of Curbs	40,900.00	12/16/08	12/15/11	12/14/12	1.00%	13,199.65	12,504.65	13,199.65	12,504.65
2008-14	Various Improvements	292,000.00	12/16/09	12/15/11	12/14/12	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	12/15/11	12/14/12	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	12/15/11	12/14/12	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	12/15/11	12/14/12	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	12/15/11	12/14/12	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	12/15/11	12/14/12	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	12/15/11	12/14/12	1.00%	18,345.00	18,345.00	18,345.00	18,345.00
2009-20	Acquisition of Police Desk	53,855.00	12/15/10	12/15/11	12/14/12	1.00%	53,855.00	53,855.00	53,855.00	53,855.00
2009-21	Firehouse Renovation	24,700.00	12/15/10	12/15/11	12/14/12	1.00%	24,700.00	24,700.00	24,700.00	24,700.00
2010-03	Acquisition Of Real Property	326,100.00	12/15/10	12/15/11	12/14/12	1.00%	326,100.00	326,100.00	326,100.00	326,100.00
2010-12	Road Improvement Program	313,000.00	12/15/10	12/15/11	12/14/12	1.00%	313,000.00	313,000.00	313,000.00	313,000.00
2011-06	Various Capital Improvements	913,337.00	12/15/11	12/15/11	12/14/12	1.00%		913,337.00	313,000.00	913,337.00
							\$ 4,028,812.65	4,838,149.65	4,028,812.65	4,838,149.65
							C	C-2		C
								3,924,812.65	3,924,812.65	
								913,337.00	104,000.00	
								4,838,149.65	4,028,812.65	

Ref.

Renewals

C-2

C-2/C-19

Issued for Cash

C-6

Notes Paid by Budget Appropriation

## Borough of Kenilworth, N.J.

Page 1 of 2

## Schedule of Improvement Authorizations

## General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Ordinance		Balance, Dec. 31, 2010		2011 Authorizations	Paid or Charged	Cancelled	Balance, Dec. 31, 2011		
		Date	Amount	Funded	Unfunded				Funded	Unfunded	
General Improvements:											
02-07	Various Improvements	05-08-02	69,000.00	4,016.31			4,016.31			350.00	
03-09	Various Improvements	07-09-03	213,000.00		350.00				88,117.90		
04-06	Various Improvements	05-12-04	400,000.00	116,380.63			28,262.73		2,640.59		
04-08	Various Improvements	06-09-04	120,000.00	5,321.40			2,680.81		8,201.47	315.00	
04-13	Various Improvements Amend Ord. 03-17	08-11-04	30,860.00	8,201.47		315.00				160.00	
04-15	Various Improvements	08-11-04	775,490.00		160.00				1,682.84		
04-17	Imp. to Lafayette Pumping Station	08-11-04	110,000.00	1,682.84							
05-07	Update of Computer Equipment	05-11-05	15,000.00	994.40			994.40				
05-13	Sanitary Sewer Maintenance	07-13-05	53,000.00	34,643.84			3,607.50		31,036.34		
05-14	Storm Drainage Improvements	07-13-05	80,000.00	54,359.75			37,845.50		16,514.25		
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	14,130.53	8,885.00		14,130.53		1,988.00	8,885.00	
06-15	Purchase of Street Sweeper	10-11-06	134,750.00	1,988.00		12.00				12.00	
07-11	Purchase of Leaf Collector	11-28-07	42,000.00			5,960.30				5,960.30	
07-14	Construction of Library Elevator	12-18-07	196,000.00			8,546.95				8,546.95	
07-15	Purchase of Fire Rescue Pumper	12-18-07	715,000.00			1,214.58				1,214.58	
08-11	Various Road Improvements	07-09-08	692,000.00			2,171.21	2,171.21				
08-14	Various Capital Improvements	08-27-08	307,000.00		77,774.68					77,774.68	
08-17	Acquisition of Vehicles	10-08-08	87,000.00		1,748.52					1,748.52	
09-15/22	Various Road Improvements	10-28-09	840,000.00		581.27		581.27			0.00	
09-16	Acquisition of Sewer Jet Truck	07-08-09	245,000.00		13,787.00					13,787.00	
09-20	Acquisition of Police Desk	10-14-09	76,000.00		1,923.13		1,048.13			875.00	
09-21	Fire House Renovation	10-14-09	26,000.00		18,491.16		17,616.16			875.00	
10-03	Acquisition of Real Property	02-24-10	342,500.00		16,227.42					16,227.42	
10-05	Boiler Replacement Rec. Center	05-26-10	9,625.40	9,625.40			9,625.40				
10-06	Acquisition of Fire Turnout Gear	05-26-10	31,690.98	31,690.98			31,690.98				
10-10	Underground Storage Tanks	08-25-10	19,820.79	1,913.03			1,913.03				
10-11	Renovations to Municipal Facilities	08-25-10	55,283.62	42,813.62			42,450.45		363.17		
10-12	2010 Capital Road Program	10-13-10	600,000.00	275,876.42	313,000.00		560,283.72			28,592.70	
10-16	Renovations to Municipal Facilities	12-08-10	19,188.28	19,188.28			19,188.28				
11-06	Various Capital Improvements or Purposes	07-13-11	1,430,000.00				559,749.63			870,250.37	

## Borough of Kenilworth, N.J.

Page 2 of 2

## Schedule of Improvement Authorizations

## General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Ordinance		Balance, Dec. 31, 2010		2011 Authorizations	Paid or Charged	Cancelled	Balance, Dec. 31, 2011		
		Date	Amount	Funded	Unfunded				Funded	Unfunded	
<u>Local Improvements:</u>											
00-13	Construction of Curbs	05-24-00	96,000.00		5,123.80		(11,409.29)	16,533.09			
03-10	Construction of Curbs - Commonwealth Rd.	07-09-03	23,500.00		9,422.99			9,422.99			
04-16	Construction of Curbs - Various Streets	08-11-04	119,223.00		34,548.00			34,548.00			
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	1,076.66			1,076.66				
08-12	Construction of Curbing - North 11th Street	07-09-08	43,000.00		13,199.65				3,100.00	13,199.65	
11-08	Construction of Curbing - Roosevelt Lane	11-09-11	65,000.00			65,000.00				61,900.00	
			\$	641,522.42	626,378.21	1,495,000.00	1,344,377.31	153,439.63	154,409.52	1,110,674.17	
				C	C		C-2	C-6/C-19	C	C	

**Borough of Kenilworth , N.J.**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	C	\$ 58,568.81
Increased by:		
Budget Appropriation	C-2	<u>50,000.00</u>
		108,568.81
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-13	<u>74,600.00</u>
Balance - December 31, 2011	C/C-3	<u><u>\$ 33,968.81</u></u>

**Exhibit C-15****Borough of Kenilworth , N.J.****Schedule of Preliminary Improvement Costs****General Capital Fund****Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	C	\$ 5,973.00
Decreased by:		
Disbursed	C-2	<u>5,973.00</u>
Balance - December 31, 2011	C/C-3	<u>\$ 0.00</u>

**Exhibit C-16****Schedule of Reserve for Debt Service****General Capital Fund****Year Ended December 31, 2011**

	<u>Ref.</u>	
Increased by:		
Grant Receipts	C-2	\$ <u>7,991.63</u>
Balance - December 31, 2011	C/C-3	<u>\$ 7,991.63</u>

**Exhibit C-17****Schedule of Reserve for Grants Receivable****General Capital Fund****Year Ended December 31, 2011**

	<u>Ref.</u>	
Increased by:		
Grant Awarded	C-4	\$ <u>190,000.00</u>
		<u>190,000.00</u>
Decreased by:		
Grant Receipts	C-2/C-6	<u>142,500.00</u>
Balance - December 31, 2011	C/C-3	<u>\$ 47,500.00</u>



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

**Schedule of Reserve for Various Improvements**

**General Capital Fund**

**Year Ended December 31, 2011**

	Balance, <u>Dec. 31, 2010</u>	Balance, <u>Dec. 31, 2011</u>
Installation of Firehouse Elevator	\$ 16,490.00	16,490.00
	<hr/>	<hr/>
	\$ 16,490.00	16,490.00
	<hr/> <hr/>	<hr/> <hr/>
	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, 2011

Ordinance Number	Improvement Description	Balance, Dec. 31, 2010 Capital Fund	2011 Authorizations	Funded by Grant Receipts	Cancelled	Notes Issued	Balance, Dec. 31, 2011 Capital 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
11-06	Various Improvements or Purposes		1,358,500.00	142,500.00		913,337.00	302,663.00
<u>Local improvements:</u>							
00-13	Construction of Curbs	24,514.55			16,533.09		7,981.46
01-04	Construction of Curbs - Clinton Avenue	10,050.00					10,050.00
03-10	Construction of Curbs - Commonwealth Rd.	9,422.99			9,422.99		
04-16	Construction of Curbs - Various Streets	34,548.00			34,548.00		
06-16	Construction of Curbs - Various Streets	92,935.55			92,935.55		
11-08	Construction of Curbs - Roosevelt Lane		61,900.00				61,900.00
		\$ 181,543.09	1,420,400.00	142,500.00	153,439.63	913,337.00	392,666.46
		Footnote C	C-13	C-6	C-13	C-12	Footnote C

## Borough of Kenilworth , N.J.

## Schedule of Cash-Treasurer

## Public Assistance Fund

Year Ended December 31, 2011

	<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, 2010	E	\$ 21,884.06	2,634.16	19,249.90
Increased by Receipts:				
State Aid		20,760.00		20,760.00
Other		56.63	1.15	55.48
Supplemental Security Income		12,786.50		12,786.50
		<u>33,603.13</u>	<u>1.15</u>	<u>33,601.98</u>
		<u>55,487.19</u>	<u>2,635.31</u>	<u>52,851.88</u>
Decreased by Disbursements:				
Public Assistance - 2011		17,414.29		17,414.29
Supplemental Security Income		<u>17,414.29</u>		<u>17,414.29</u>
Balance - December 31, 2011	E	\$ <u>38,072.90</u>	<u>2,635.31</u>	<u>35,437.59</u>

## Borough of Kenilworth , N.J.

## Schedule of Cash-Treasurer

## Public Assistance Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2011	E-1	\$ <u>38,072.90</u>
Increased by:		
Cash Receipts Record		<u>                    </u>
		<u>                    </u>
		<u>38,072.90</u>
Decreased by:		
Cash Disbursements Record		
- 2012 Assistance		<u>1,540.00</u>
Balance - April 30 , 2012		\$ <u><u>36,532.90</u></u>

<u>Reconciliation - April 30, 2012</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:			
PNC Bank	2,635.31	33,897.59	36,532.90
Add: Bank Error			
Less: Outstanding Checks	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance - April 30 , 2012	<u><u>2,635.31</u></u>	<u><u>33,897.59</u></u>	<u><u>36,532.90</u></u>

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

**Schedule of Cash-Treasurer**

**Public Assistance Fund**

**Year Ended December 31, 2011**

Balance - December 31, 2010	\$ 21,884.06
Increased by Receipts:	
Cash Receipts Record	<u>33,603.13</u>
	<u>55,487.19</u>
Decreased by Disbursements:	
Public Assistance - 2011	<u>17,414.29</u>
	<u>17,414.29</u>
Balance - December 31, 2011	<u>\$ 38,072.90</u>

<u>Reconciliation - December 31, 2011</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:			
PNC Bank	2,635.31	35,437.59	38,072.90
Add: Bank Error			
Less: Outstanding Checks			
Balance, December 31, 2011	<u>2,635.31</u>	<u>35,437.59</u>	<u>38,072.90</u>

**Exhibit E-4****Borough of Kenilworth, N.J.****Schedule of Revenues - Cash Basis****Public Assistance Fund****Year Ended December 31, 2011**

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
State Aid Payments	\$ 20,760.00		20,760.00
Less: Refunds to the State			
Net State Aid Payments	20,760.00		20,760.00
Interest Earned	7.63	1.15	6.48
Supplemental Security Income			
State/Municipal Refund	12,786.50		12,786.50
Client Refund			
Refunds - State Matched Assistance	49.00		49.00
Total Revenues (P.A.T.F.)	33,603.13	1.15	33,601.98
Total Receipts	\$ 33,603.13	1.15	33,601.98

**Exhibit E-5****Schedule of Expenditures - Cash Basis****Public Assistance Fund****Year Ended December 31, 2011**

	<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	\$ 10,201.00		10,201.00
Other:			
Temporary Rental Assistance	4,670.00		4,670.00
Emergency Assistance	2,535.79		2,535.79
Transportation	7.50		7.50
Total Payments Reported	17,414.29		17,414.29
Assistance Ineligible for State Aid			
Interfund Transfers			
SSI Payments:			
Reimbursement to Clients			
Total Disbursements (P.A.T.F.)	\$ 17,414.29		17,414.29

## Borough of Kenilworth , N.J.

## Schedule of Reserve for Public Assistance

## Public Assistance Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	E	\$ 21,884.06
Increased by Receipts:		
State Aid		20,760.00
Interest		7.63
Other		12,835.50
		<u>33,603.13</u>
		55,487.19
Decreased by Disbursements:		
Public Assistance		<u>17,414.29</u>
		<u>17,414.29</u>
Balance - December 31, 2011	E	\$ <u>38,072.90</u>
Analysis of Balance		
P.A.T.F. Account #1		2,635.31
P.A.T.F. Account #2		35,437.59
		<u>38,072.90</u>

Exhibit E-7

## Schedule of Reserve for Community Fund

## Public Assistance Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	E	\$ 2,146.73
Increased by Receipts:		
Other - Donations		<u>1,207.00</u>
		3,353.73
Decreased by Disbursements:		
Other - Goodwill Expenditures		<u>          </u>
Balance - December 31, 2011	E	\$ <u>3,353.73</u>

**BOROUGH OF KENILWORTH**

**PART II**

**LETTER ON COMPLIANCE AND ON INTERNAL CONTROL**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2011**



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

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

May 30, 2012

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, 2011, and have issued our report thereon dated August 19, 2011. 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**

Management of the Borough of Kenilworth is responsible for establishing and maintaining effective 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.

Honorable Mayor and  
Members of the Borough Council  
Page 2.

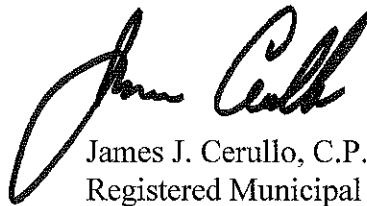
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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

May 30, 2012

## **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 \$17,500.00 and \$25,000.00 with a qualified purchasing agent. On July 1, 2010 the threshold was increased to \$36,000.00 with a qualified purchasing agent.

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, 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." The Borough increased the bid threshold to \$36,000.00 as allowed by law for having a qualified purchasing agent.

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 the bid threshold 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:

Road Improvements  
On-Call Roadway Assistance  
Recycling Bids.

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.

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 2, 2011 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 28, 2011, 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>
2011	2
2010	4
2009	17

### **Verification of Delinquent Taxes and Other Charges**

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

The results of the test, which was made as of December 31, 2011, is not yet known, but a separate report will be rendered if any irregularities were developed.

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

### **OTHER COMMENTS**

Political Contribution Disclosure forms were not on file for several vendors paid in excess of \$17,500.00 as required by statute.

Employer's share of contributions toward the Defined Contribution Retirement Plan were charged to the incorrect budget account.

The Borough attorney is being paid through payroll for services rendered. According to IRS regulations, this individual is considered an outside contractor and should not be compensated through payroll.

During our review of the Annual Financial Disclosure Statements, it was discovered that several local officials did not file the annual forms.

## RECOMMENDATIONS

- 1.\* That Annual Financial Disclosure Statements be filed by all required municipal officials.
2. The Political Contribution Disclosure forms be requested from all vendors that will be paid in excess of \$17,500.00
3. That employer's share of contributions toward the Defined Contribution Retirement Plan be budgeted and charged to the correct budget account.
4. That the Borough attorney not be compensated through payroll salary.

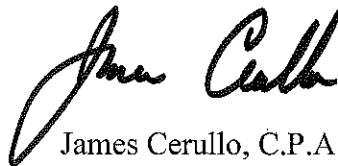
## STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

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, WIELKOJZ, CERULLO & CUVA, P.A.  
Certified Public Accountants