

FINANCIAL STATEMENTS, SUPPLEMENTARY SCHEDULES AND  
SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

City of Hoboken  
County of Hudson, New Jersey

June 30, 2005

City of Hoboken  
County of Hudson, New Jersey

Financial Statements, Supplementary Schedules  
and Schedules of Expenditures of  
Federal and State Awards

June 30, 2005

Report of Independent Auditors on Financial Statements, Supplementary  
Schedules and Schedules of Expenditures of Federal and State Awards

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## Report of Independent Auditors on Financial Statements, Supplementary Schedules and Schedules of Expenditures of Federal and State Awards

Honorable Mayor and Members of the City Council  
City of Hoboken, New Jersey

We have audited the accompanying statutory-basis financial statements of the City of Hoboken (the “City”), County of Hudson, New Jersey as of June 30, 2005 and 2004 and for the year ended June 30, 2005, listed as financial statement exhibits in the foregoing table of contents. These financial statements are the responsibility of the City's administration. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States, in compliance with 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. We were not engaged to perform an audit of the City's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the administration, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, except for not presenting a statement of general fixed assets, these financial statements were prepared in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States. The effects of the differences from accounting principles generally accepted in the United States are not reasonably determinable.

In our opinion, because of the effects of the use of prescribed accounting practices that differ from accounting principles generally accepted in the United States as described 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, the financial position of the City as of June 30, 2005 and 2004 or the results of its operations or changes in fund balances for the year ended June 30, 2005.

Also, in our opinion, except for the omission of a statement of the general fixed assets account group, the financial statements referred to above present fairly, in all material respects, the financial position of the City as of June 30, 2005 and 2004, and the results of its operations and the changes in its fund balances for the year ended June 30, 2005 in conformity with the accounting practices prescribed by the Division of Local Government Services as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2006 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming opinions on the statutory-basis financial statements taken as a whole. The accompanying supplementary schedules and comments section listed in the foregoing table of contents are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the statutory-basis financial statements. Such supplementary information has been subjected to the auditing procedures applied in our audit of the 2005 statutory-basis financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2005 statutory-basis financial statements taken as a whole.

Randy P. Nelson  
Registered Municipal Accountant  
(#424)

*Ernst & Young LLP*

February 21, 2006

# Financial Statements

Current Fund

Exhibits

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Balance Sheets

		June 30	
	Reference	2005	2004
<b>Assets</b>			
Current Fund:			
Cash	1-A	\$ 7,594,433	\$ 5,046,764
Change fund		750	750
		7,595,183	5,047,514
Other Receivables:			
Due from State of New Jersey-Senior Citizens and Veterans deductions	5-A	26,478	32,098
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	2-A	42,469	52,779
Tax title liens receivable	3-A	436,939	408,855
Property acquired for taxes at assessed valuation	4-A	2,806,900	2,806,900
Mortgage receivable	6-A	935,429	993,429
Interfund receivable	8-A	733,982	445,108
Water liens	9-A	46,261	176,727
		5,001,980	4,883,798
Deferred charges	10-A	2,349,563	6,791,902
		\$ 14,973,204	\$ 16,755,312
Federal and State Grant Fund:			
Grants receivable	18-A	\$ 1,977,269	\$ 2,098,496
Deferred charges-expenditure without authorization	22-A	872,685	29,680
		\$ 2,849,954	\$ 2,128,176
<b>Liabilities, reserves and fund balance</b>			
Current Fund:			
Liabilities:			
Appropriation reserves	A-3, 11-A	\$ 1,769,500	\$ 927,905
Reserve for encumbrances	A-3, 11-A	587,687	3,898,413
Prepaid taxes	12-A	20,754	150,922
Interfund payable	8-A	1,072,059	996,394
Tax overpayments	13-A	1,844,268	1,591,311
Promissory note payable - HCIA	14-A	935,429	993,429
Various reserves	15-A	249,815	329,644
School district taxes payable	16-A	508,216	
Security deposit payable	Unchanged	4,000	4,000
		6,991,728	8,892,018
Reserve for receivables	A	5,001,980	4,883,798
Fund balance	A-1	2,979,496	2,979,496
		\$ 14,973,204	\$ 16,755,312
Federal and State Grant Fund:			
Appropriated reserves	20-A	\$ 1,973,356	\$ 1,581,707
Reserve for encumbrances	20-A	72,662	155,127
Unappropriated reserves	21-A	382,102	258,382
Due to Current Fund	19-A	421,834	132,960
		\$ 2,849,954	\$ 2,128,176

*See accompanying notes.*

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Statements of Operations and Changes in Fund Balance

	<b>Reference</b>	<b>Year ended June 30</b>	
		<b>2005</b>	<b>2004</b>
Revenues and other income realized:			
Miscellaneous revenue anticipated	A-2	<b>\$ 47,312,245</b>	\$ 40,098,844
Receipts from delinquent taxes	A-2	<b>165,706</b>	77,372
Receipts from current taxes	A-2	<b>82,556,422</b>	79,979,859
Non-budget revenue	A-2	<b>191,655</b>	2,169,005
Other credits to income:			
Unexpended balance of appropriation reserves	11-A	<b>618,363</b>	173,947
Receipts from Water liens receivable	9-A	<b>130,466</b>	66,638
Cancelation of various reserves		-	190,997
Interfunds returned	8-A	<b>445,108</b>	1,562,991
Total revenues and other income realized		<b>131,419,965</b>	124,319,653
Expenditures:			
Budget appropriations	A-3	<b>71,244,315</b>	64,175,062
Local district school tax	16-A	<b>29,584,589</b>	29,285,155
County taxes	17-A	<b>30,969,599</b>	30,686,544
Interfund advances	8-A	<b>733,982</b>	445,108
Tax appeal judgments	13-A	<b>947,297</b>	2,498,705
Other			58,000
Total expenditures		<b>133,479,782</b>	127,148,574
Deficit in revenues		<b>(2,059,817)</b>	(2,828,921)
Adjustments to income before fund balances:			
Expenditures included above which are deferred charges to budget of succeeding year:			
Deficit in operations	10-A	<b>1,282,504</b>	
Overexpenditure of appropriations	A-3, 10-A	<b>11,217</b>	4,370,979
Overexpenditure of appropriation reserves	10-A, 11-A	<b>16,096</b>	216,827
Emergency appropriations	A-3, 10-A	<b>750,000</b>	
		<b>2,059,817</b>	4,587,806
Statutory excess/(deficit) to surplus		-	1,758,885
Fund balance, beginning of year	A	<b>2,979,496</b>	1,220,611
Fund balance, end of year	A	<b>\$ 2,979,496</b>	\$ 2,979,496

*See accompanying notes.*

City of Hoboker  
Hudson County, New Jersey  
Current Fund

Exhibit A-2  
p. 1

Statement of 2005 Revenues

Year ended June 30, 2005

	<u>Reference</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<b>Miscellaneous Revenues</b>				
Licenses:				
Alcoholic Beverages	7-A	283,500	\$ 261,100	(22,400)
Other	7-A	764,850	373,039	(391,811)
Fees and Permits	7-A	149,000	151,282	2,282
Zoning Board of Adjustment Fees	7-A	170,900	191,266	20,366
Planning Board Fees	7-A	62,000	98,440	36,440
Rent Leveling Fees	7-A	39,000	36,366	(2,634)
Fines and Costs:				
Municipal Court	7-A	3,500,000	3,339,931	(160,069)
Parking Tax	7-A	550,000	608,328	58,328
Interest and Cost on Taxes	7-A	150,375	231,076	80,701
Interest on Investments and Deposits	7-A	119,000	176,201	57,201
Riverview Cablevision Associates	7-A	142,000	159,287	17,287
Rents - City Owned Property	7-A	235,546	262,879	27,333
Crosstown Bus Line	7-A	14,050	18,860	4,810
SJP Properties - Block A - Phase I	7-A	936,000	936,000	-
SJP Properties - Block A - Phase II	7-A	936,000	936,000	-
SJP Properties/Applied - Block B	7-A	271,000	271,000	-
Applied Development Co. - South Waterfront - Block C	7-A	1,267,864	1,247,655	(20,209)
St. Mary's Hospital PILOT	7-A	110,021	110,021	-
Grogan Marineview Plaza	7-A	654,074	468,771	(185,303)
Clocktowers	7-A	122,183	151,908	29,725
Marion Towers Associates	7-A	132,119	183,491	51,372
Church Towers Urban Renewal	7-A	451,771	452,771	1,000
Columbian Towers	7-A	211,572	89,677	(121,895)
Columbian Arms	7-A	24,000	25,848	1,848
Hudson Square North	7-A	153,649	158,257	4,608
Willow Avenue Associates - 800 - 812 Willow Avenue	7-A	61,240	41,372	(19,868)
PILOT-Port Authority of NY & NJ	7-A	3,000,000	3,000,000	-
Applied Housing - 1203-1219 Willow Avenue	7-A	237,419	235,152	(2,267)
Applied Housing - 1201-1221 Washington Estates	7-A	385,178	389,582	4,404
Applied Housing - 1200-1220 Hudson Estates	7-A	424,480	420,524	(3,956)
Applied Housing - 1301-1309 Bloomfield Estates	7-A	120,344	127,507	7,163
Applied Housing - Midway 500-508 Adams Street	7-A	206,741	205,996	(745)
Applied Housing - Elysian Estates	7-A	58,779	69,882	11,103
Applied Housing - Church Square	7-A	142,914	108,665	(34,249)
Applied Housing - Eastview Associates	7-A	104,907	98,204	(6,703)
Applied Housing - Westview Associates	7-A	194,472	175,186	(19,286)
Applied Housing - Northvale I - 911-923 Clinton Street	7-A	359,873	355,316	(4,557)
Applied Housing - Northvale II - 901-919 Clinton Street	7-A	345,987	340,984	(5,003)
Applied Housing - Northvale IIIA	7-A	53,776	53,776	-
Applied Housing - Northvale III B - 1106-1014 Clinton Street	7-A	67,713	80,777	13,064
Applied Housing - Northvale IV - 58 11th Street	7-A	13,320	13,355	35
New Jersey Transit - Transport of New Jersey	7-A	2,500,000	156,308	(2,343,692)
Hudson Square North-Mortgage Receivable	7-A	58,000	55,754	(2,246)
Consolidated Municipal Property Tax Relief Aid	7-A	13,423,836	13,423,836	-
Legislative Initiative Municipal Block Grant	7-A	151,261	151,261	-
Energy Receipts Tax	7-A	2,006,238	2,006,238	-
Homeland Security Assistance Aid	7-A	140,000	140,000	-
Uniform Construction Code Fees	7-A	1,090,000	1,367,180	277,180
Hoboken Housing Authority - Public Safety	7-A	540,000	405,000	(135,000)
Hoboken Board of Education - Public Safety	7-A	90,000	-	(90,000)
Home Support & Adult Day Care Comprehensive Program for the Elderly	18-A	77,500	77,500	-
Summer Food Service Program	18-A	33,005	33,005	-
State Local Cooperative Housing Inspection Program	18-A	53,000	53,000	-
BOJA Bulletproof Vest Partnership Grant	18-A	1,300	1,300	-
NJ 2002 Body Armor Replacement Fund	18-A	15,000	15,000	-
Domestic Violence	18-A	7,500	7,500	-
Law Enforcement Block Grant	18-A	11,347	11,347	-

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Statement of 2005 Revenues

Year ended June 30, 2005

	<u>Reference</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Safe School and Communities	18-A	38,949	38,949	-
COPS in School	18-A	375,000	375,000	-
Recycling Tonnage	18-A	48,000	48,000	-
Clean Communities Program	18-A	33,068	33,068	-
DOT Local Aid Centers of Places "Hoboken Signage"	18-A	50,000	50,000	-
Statewide Livable Communities - Library Aid - ADA	18-A	75,000	75,000	-
Statewide Livable Communities - Library Aid Improvements	18-A	50,000	50,000	-
NJDEP Municipal Stormwater Regulation Program	18-A	20,619	20,619	-
Added Assessments	2-A	1,431,360	2,992,215	1,560,855
Reserve, Outside-Duty Police Administration	7-A	140,000	140,000	-
Sinatra Park Concession	7-A	42,000	42,000	-
Sale of Municipal Garage	7-A	7,938,751	7,938,751	-
Bus Shelter Revenue-2004	7-A	2,700	-	(2,700)
Anticipated Parking Utility Operating Surplus	7-A	4,050,992	3,847,278	(203,714)
Refinancing of Defeased Escrow Debt	7-A	47,000	29,290	(17,710)
Legal Settlement	7-A	64,329	64,329	-
<b>Total Miscellaneous Revenues</b>	A-1	<u>51,833,372</u>	<u>50,304,460</u>	<u>(1,528,912)</u>
<b>Receipts from Delinquent Taxes</b>	A-1	<u>60,341</u>	<u>165,706</u>	<u>105,365</u>
<b>Amount to be Raised by Taxes for Support of Municipal Budget</b>				
Local Tax For Municipal Purposes Including				
Reserve for Uncollected Taxes	A-2	19,037,909	19,192,019	154,110
Addition to Local District School Tax		14,574	16,804	2,230
<b>Total Amount to be Raised by Taxes for Support of Municipal Budget</b>	2-A	<u>19,052,483</u>	<u>19,208,823</u>	<u>156,340</u>
<b>Non-Budget Revenue</b>	A-1		<u>191,655</u>	<u>191,655</u>
<b>Budget Totals</b>	A-3	<u>\$ 70,946,196</u>	<u>\$ 69,870,644</u>	<u>(1,075,552)</u>

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Statement of 2004 Revenues

Year ended June 30, 2004

	<u>Reference</u>	
<b>Analysis of realized revenues</b>		
Allocations of current tax collections:		
Revenues from collections	A-1,2-A	\$ 82,556,422
Less allocated to school and county	2-A	<u>60,554,188</u>
		22,002,234
Add:		
Reserve for uncollected taxes	A-3	<u>182,000</u>
Amount for support of municipal budget appropriations	Below	<u>\$ 22,184,234</u>
Local tax for municipal purposes	A-2	\$ 19,192,019
Added assessments	A-2	<u>2,992,215</u>
	Above	<u>\$ 22,184,234</u>
Receipts from delinquent taxes:		
Delinquent taxes	2-A	\$ 137,622
Tax title liens	3-A	<u>28,084</u>
	A-2	<u>\$ 165,706</u>
<b>Miscellaneous revenue not anticipated</b>		
Public Safety Police		\$ 12,188
Hoboken Historic		1,375
Alcohol Beverage Receipts		30
Tax Searches		1,640
Variances		362
Duplicate Bills		3,825
Lien Calculations		1,680
Petty Cash Refund		150
Duplicate Tax Sale Certificate		1,800
Port Authority		167,864
Tax Redemption		<u>741</u>
	A-1, A-2, 1-A	<u>\$ 191,655</u>

*See accompanying notes.*

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Statement of 2005 Appropriations

Year ended June 30, 2005

Appropriations	Appropriated		Expended		Reserved	Overexpended	Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered			
<b>Operations within "CAPS"</b>							
Mayor's Office							
Salaries and Wages	\$ 260,400	\$ 259,400	\$ 259,105		\$ 295		
Other Expenses	1,500	2,000	1,522		478		
City Council							
Salaries and Wages	199,900	193,900	193,174		726		
Other Expenses	7,500	11,000	7,158	3,290	552		
City Clerk's Office							
Salaries and Wages	335,600	333,600	332,490		1,110		
Other Expenses	3,500	4,500	3,041	1,127	332		
Other Expenses-Legal Advertising	28,000	32,000	26,270	7,782		2,052	
Other Expenses-Codification of Ordinances	8,000	4,000	1,597		2,403		
Salaries and Wages-Elections	25,000	30,250	30,213		37		
Other Expenses-Elections (Emergency \$100,000)	150,000	250,000	214,832	35,013	155		
Business Administrator's Office							
Salaries and Wages	250,000	241,500	241,443		57		
Other Expenses	3,800	3,800	2,324	541	935		
Purchasing							
Salaries and Wages	187,600	195,100	191,509		3,591		
Other Expenses	2,500	2,500	2,479	20	1		
Personnel and Health Benefits							
Salaries and Wages	182,700	190,200	189,978		222		
Other Expenses	800	800	390	399	11		
Constituent Services							
Salaries and Wages	146,500	133,500	133,405		95		
Other Expenses	6,500	6,500	540		5,960		
Zoning Administration							
Salaries and Wages	135,100	137,600	137,475		125		
Other Expenses	1,000	1,000	98	216	686		

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Statement of 2005 Appropriations

Year ended June 30, 2005

<b>Appropriations</b>	<b>Appropriated</b>		<b>Expended</b>			<b>Overexpended</b>	<b>Canceled</b>
	<b>Budget</b>	<b>Modified Budget</b>	<b>Paid or Charged</b>	<b>Encumbered</b>	<b>Reserved</b>		
Uniform Construction Code							
Appropriations Offset by Dedicated							
Revenues (N.J.A.C. 5:23-4.17)							
Salaries and Wages	740,000	702,000	701,966		34		
Other Expenses	60,000	98,500	98,271	29	200		
Corporation Counsel							
Salaries and Wages	385,000	379,000	378,727		273		
Other Expenses	12,000	13,000	10,593	2,386	21		
Other Expenses - Special Counsel	600,000	580,000	382,741	92,136	105,123		
Other Expenses - Expert Witness and Appraisal	5,000	5,000			5,000		
Revenue and Finance Director							
Salaries and Wages	121,000	123,600	123,173		427		
Other Expenses	4,000	3,500	2,544	317	639		
Annual Audit							
Other Expenses	230,000	121,300	114,446		6,854		
Accounts and Control							
Salaries and Wages	262,000	232,000	231,689		311		
Other Expenses	19,000	21,000	19,927		1,073		
Payroll							
Salaries and Wages	76,750	78,250	78,036		214		
Other Expenses	750	750	591		159		
Tax Collections							
Salaries and Wages	291,000	285,000	284,729		271		
Other Expenses	10,000	18,000	10,251	5,691	2,058		
Information Technology							
Salaries and Wages	53,700	53,700	52,751		949		
Office of the Tax Assessor							
Salaries and Wages	288,000	291,000	290,830		170		
Other Expenses	10,000	11,500	9,759	1,484	257		

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Statement of 2005 Appropriations

Year ended June 30, 2005

Appropriations	Appropriated		Expended		Reserved	Overexpended	Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered			
Department of Human Services							
Director's Office							
Salaries and Wages	170,000	142,000	141,128		872		
Other Expenses	2,000	2,700	2,089	366	245		
Rent Leveling							
Salaries and Wages	175,000	164,000	160,888		3,112		
Other Expenses	7,000	7,000	3,325	1,608	2,067		
Housing Inspections							
Salaries and Wages	153,400	140,000	139,978		22		
Other Expenses	750	750	660		90		
Transportation							
Salaries and Wages	197,200	224,350	224,327		23		
Other Expenses	7,000	7,000	4,825	1,458	717		
Health							
Salaries and Wages	423,600	385,600	382,427		3,173		
Other Expenses	40,000	40,000	30,045	9,936	19		
Senior Citizens							
Salaries and Wages	409,100	353,400	353,379		21		
Other Expenses	25,000	25,000	23,633	807	560		
Hispanic and Minority Affairs							
Salaries and Wages	3,376	3,376	3,375		1		
Other Expenses	3,500	3,500	3,176	43	281		
Recreation and Cultural Affairs							
Salaries and Wages	775,000	783,600	773,592		10,008		
Other Expenses	255,000	261,400	235,102	23,128	3,170		
Department of Environmental Services							
Director's Office							
Salaries and Wages	411,150	424,150	422,940		1,210		
Other Expenses	3,500	3,500	1,982	527	991		
Parks							
Salaries and Wages	555,000	695,000	703,565				8,565
Other Expenses	75,000	77,200	66,200	10,886	114		

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Statement of 2005 Appropriations

Year ended June 30, 2005

Appropriations	Appropriated		Expended		Reserved	Overexpended	Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered			
Public Property							
Salaries and Wages	700,900	768,800	768,780		20		
Other Expenses	85,000	126,000	111,317	14,598	85		
Streets and Roads							
Other Expenses	35,000	67,000	65,062	496	1,442		
Signal and Traffic							
Salaries and Wages	201,500	214,200	214,195		5		
Other Expenses	22,000	30,000	21,523	8,912		435	
Central Garage							
Salaries and Wages	221,000	231,500	231,489		11		
Other Expenses	190,000	195,000	164,723	25,865	4,412		
Sanitation							
Salaries and Wages	1,543,800	1,534,800	1,534,783		17		
Other Expenses	2,900,000	2,800,000	2,508,205	80,000	211,795		
Department of Community Development							
Director's Office							
Salaries and Wages	132,000	147,500	147,426		74		
Other Expenses	125,000	109,500	75,741	8,809	24,950		
Grants Management							
Salaries and Wages	184,500	69,500	68,479		1,021		
Other Expenses	1,500	1,500	566		934		
Waterfront Development							
Other Expenses	45,000						
Planning Board							
Salaries and Wages	66,700	67,800	67,689		111		
Other Expenses	65,000	63,900	61,793	1,690	417		
Zoning Board of Adjustment							
Other Expenses	45,000	45,000	43,172	1,126	702		
Historic Preservation Committee							
Other Expenses	400	400	333		67		

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Exhibit A-3  
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Statement of 2005 Appropriations

Year ended June 30, 2005

Appropriations	Appropriated		Expended			Overexpended	Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved		
Department of Public Safety							
Police							
Salaries and Wages (Emergency \$350,000)	12,634,704	13,005,204	13,005,369				165
Other Expenses	265,000	271,000	239,316	30,721	963		
Fire							
Salaries and Wages (Emergency \$300,000)	11,550,000	11,856,500	11,856,286		214		
Other Expenses	265,000	265,000	151,269	32,655	81,076		
Uniform Fire Safety Act (PL83,c.383)							
Salaries and Wages	11,000	11,000	11,000				
Office of Emergency Management							
Salaries and Wages	20,000	20,000	19,912		88		
Other Expenses	2,000	2,000			2,000		
Municipal Court							
Salaries and Wages	805,000	868,500	868,378		122		
Other Expenses	105,000	110,000	78,891	30,469	640		
Public Defender							
Salaries and Wages	57,900	57,900	57,203		697		
Other Expenses	3,500	3,500	2,375		1,125		
Unclassified							
Alcoholic Beverage Control Board							
Salaries and Wages	7,200	7,200	7,000		200		
Other Expenses	5,000	5,000			5,000		
Volunteer Ambulance (NJS 40:5-2)	40,000	40,000	40,000				
North Hudson Regional Council of Mayors							
Other Expenses	56,692	56,692	56,692		-		
Settlement of Claims Against City	183,000	183,000	175,000		8,000		
Towing/Storage of Abandoned Vehicles	3,750	3,750	2,270		1,480		
NJ Right to Know	20,000	20,000			20,000		
Engineering	85,000	85,000	80,571	4,387	42		
Municipal Dues and Memberships	15,000	10,000	7,824	3	2,173		
Celebration of Public Events	80,000	80,000	52,845	19,705	7,450		
Postage	100,000	100,000	99,930		70		
Office Machines	70,000	60,000	55,716	740	3,544		

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Exhibit A-3  
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Statement of 2005 Appropriations

Year ended June 30, 2005

Appropriations	Appropriated		Expended				
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	Overexpended	Canceled
Stationary and Office Supplies	9,500	9,500	7,285	2,188	27		
Electricity	400,000	400,000	345,789		54,211		
Street Lighting	535,000	546,000	493,956		52,044		
Gasoline	140,000	199,000	179,187		19,813		
Fuel	15,000	20,275	20,270		5		
Water and Sewer	40,000	40,000	38,190		1,810		
Communications	226,000	258,025	228,884	6,291	22,850		
Telecommunications Equipment	13,500	13,500	11,367		2,133		
Total Operations within "CAP"	43,123,722	43,873,722	42,714,754	467,845	702,340	11,217	-
Contingent					-		
Total Operations including contingent within "CAPS"	43,123,722	43,873,722	42,714,754	467,845	702,340	11,217	-
Detail							
Salaries and Wages	34,486,380	35,109,080	35,088,700	-	29,110	8,730	
Other Expenses (Including Contingent)	8,637,342	8,764,642	7,626,054	467,845	673,230	2,487	
Detail Total	43,123,722	43,873,722	42,714,754	467,845	702,340	11,217	-
Deferred Charges							
Overexpenditure of Appropriation	3,010,476	3,010,476	3,010,476				
Overexpenditure of Appropriation Reserve	220,062	220,062	220,062				
Deficit in Operations - 2003	1,285,130	1,285,130	1,285,130				
Overexpenditure of Grant Reserves	254,455	254,455					254,455
Statutory Expenditures							
Social Security System	900,000	1,070,000	1,069,927		73		
Consol. Police/Fire Pension Fund	170,000						
Unemployment Compensation	118,000	118,000	16,721		101,279		
Total Deferred Charges and Statutory Expenditures	5,958,123	5,958,123	5,602,316	-	101,352	-	254,455
Total Appropriations within "CAPS"	49,081,845	49,831,845	48,317,070	467,845	803,692	11,217	254,455
<b>Operations - excluded from "CAPS"</b>							
Maintenance - Free Public Library							
Salaries and Wages	726,900	726,900	688,208		38,692		

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Statement of 2005 Appropriations

Year ended June 30, 2005

Appropriations	Appropriated		Expended			Overexpended	Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved		
Other Expenses	440,000	440,000	223,813	110,824	105,363		
Social Security	43,500	43,500	43,500				
Insurance: N.J.S.A. 40A:4-45.3							
General Liability	900,000	961,000	948,505		12,495		
Workers Compensation	330,000	355,000	333,557		21,443		
Employee Group Health	10,800,000	10,714,000	9,931,563	60	782,377		
Police/Firemen's Retirement	1,128,816	1,128,816	1,123,553		5,263		
Public Employees Retirement	76,996	76,996	76,821		175		
Hoboken Housing Authority							
Police Salaries and Wages	540,000	540,000	540,000				
Hoboken Board of Education							
Police Salaries and Wages	90,000	90,000	90,000				
Public and Private Programs Offset by Revenues							
Summer Food Service	33,005	33,005	33,005				
2003 Local Law Enforcement Block Grant	11,347	11,347	11,347				
COPS in School	375,000	375,000	375,000				
State Local Cooperative Housing Inspection Program	53,000	53,000	53,000				
Safe School and Communities	38,949	38,949	38,949				
NJ 2001 Body Armor Replacement Fund	15,000	15,000	15,000				
BOJA-2002 Bulletproof Vest Partnership Grant	1,300	1,300	1,300				
Domestic Violence	7,500	7,500	7,500				
Home Support & Adult Day Care Comprehensive Prog	77,500	77,500	77,500				
Home Support & Adult Day Care Comprehensive Prog - City Match	5,120	5,120	5,120				
Recycling Tonnage	48,000	48,000	48,000				
Clean Communities Program	33,068	33,068	33,068				
DOT Local Aid Centers of Places "Hoboken Signage"	50,000	50,000	50,000				
Statewide Livable Communities-Library Aid-ADA	75,000	75,000	75,000				
Statewide Livable Communities-Library Aid-ADA Improvements	50,000	50,000	50,000				
NJDEP Municipal Stormwater Regulation Program	20,619	20,619	20,619				
Total Operations excluded from "CAPS"	15,970,620	15,970,620	14,893,928	110,884	965,808	-	-
Detail:							
Salaries and Wages	1,835,196	1,835,196	1,796,504	-	38,692	-	
Other Expenses	14,135,424	14,135,424	13,097,424	110,884	927,116	-	

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Statement of 2005 Appropriations

Year ended June 30, 2005

Appropriations	Appropriated		Expended				
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	Overexpended	Canceled
Detail Total	15,970,620	15,970,620	14,893,928	110,884	965,808	-	-
<b>Municipal Debt Service - Excluded from "CAPS"</b>							
Payment Bond Principal	505,000	505,000	505,000		-		
Interest on Bonds	2,805,410	2,805,410	2,805,410		-		
Interest on Notes	125,100	125,100	112,590				12,510
Notes Payable - Hudson County Improvement Authority	58,000	58,000	58,000		-		
Loan Repayments for Principal and Interest	192,685	192,685	178,839				
Underground Storage Tank Loan	24,474	24,474	24,474		-		13,846
Total Municipal Debt Service - Excluded from "CAPS"	3,710,669	3,710,669	3,684,313	-	-	-	26,356
<b>Deferred Charges - Excluded from "CAPS"</b>							
Overexpenditure of Appropriations-offset by sale of asset	1,846,488	1,846,488	1,846,488				
5 Year Emergency Authorization-Master Plan	140,000	140,000	140,000				
	1,986,488	1,986,488	1,986,488	-	-	-	-
<b>Local District School Purposes Excluded from "CAPS"</b>							
Type I District School Debt							
Payment - Bond Principal	14,000	14,000	14,000				
Interest on Bonds	574	574	287				287
Total Local District School Purposes Excluded from "CAPS"	14,574	14,574	14,287	-	-	-	287
Total Appropriations - Excluded from "CAPS"	21,682,351	21,682,351	20,579,016	110,884	965,808	-	26,643
Subtotal	70,764,196	71,514,196	68,896,086	578,729	1,769,500	11,217	281,098
Reserve for Uncollected Taxes	182,000	182,000	182,000				
Total Appropriations	\$ 70,946,196	\$ 71,696,196	\$ 69,078,086	\$ 578,729	\$ 1,769,500	\$ 11,217	\$ 281,098
<b>Reference</b>	A-2	A-2	Below	Below	A	A-1, 10-A	

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Statement of 2005 Appropriations

Year ended June 30, 2005

Appropriations	Appropriated		Expended		Reserved	Overexpended	Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered			
<b>Analysis of paid or charged</b>							
Cash disbursements		1-A	\$ 61,499,522				
Reserve for uncollected taxes		Above, A-2	182,000				
Deferred charges		10-A	6,502,156				
Grants		20-A	894,408				
		Above	\$ 69,078,086				
2005 Appropriations		Above		\$ 578,729			
2004 Appropriations		11-A		8,958			
Total encumbered		A		\$ 587,687			

Trust Fund

Exhibit

City of Hoboken  
Hudson County, New Jersey  
Trust Fund

Comparative Balance Sheet

	Reference	Balance, June 30			Reference	Balance, June 30	
		2005	2004			2005	2004
<b>Assets</b>				<b>Liabilities and Reserves</b>			
<u>Animal Control Trust Fund:</u>				<u>Animal Control Trust Fund:</u>			
Cash	1-B	\$ 12,673	\$ 13,587	Due to Current	2-B	\$ 148	\$ 148
				Due to State of New Jersey	4-B	160	328
				Reserve for Animal Control Expenditures	5-B	12,365	13,111
Total		<u>\$ 12,673</u>	<u>\$ 13,587</u>	Total		<u>\$ 12,673</u>	<u>\$ 13,587</u>
<u>Other Trust Fund:</u>				<u>Other Trust Fund:</u>			
Cash	1-B	\$4,835,008	\$ 3,923,092	Reserve for Other Trust Fund Deposits	6-B	\$ 4,835,008	\$ 3,923,092
Total		<u>\$4,835,008</u>	<u>\$ 3,923,092</u>	Total		<u>\$ 4,835,008</u>	<u>\$ 3,923,092</u>
<u>Section 8 - Housing Assistance Program:</u>				<u>Section 8 - Housing Assistance Program:</u>			
Cash	1-B	\$1,021,706	\$ 877,894	Due to Community Development Block Grant Trust Fund	7-B	\$ 33,718	
Due from Community Development Block Grant Trust Fund	7-B		34,367	Reserve for Section 8 - Housing Assistance Program	9-B	925,988	\$ 850,261
Loans Receivable	10-B	4,604,890	4,604,890	Due to Current Fund	11-B	62,000	62,000
Total		<u>\$5,626,596</u>	<u>\$ 5,517,151</u>	Reserve for Loans Receivable	12-B	4,604,890	4,604,890
				Total		<u>\$ 5,626,596</u>	<u>\$ 5,517,151</u>
<u>Community Development Block Grant Trust Fund:</u>				<u>Community Development Block Grant Trust Fund:</u>			
Grant Receivable	3-B	\$ 678,574	\$ 673,008	Due to Section 8 - Housing Assistance Program	7-B		\$ 34,367
Due from Section 8 - Housing Assistance Program	7-B	33,718		Reserve for Community Development Block Grant	8-B	\$ 462,292	388,641
				Due to Current Fund	13-B	250,000	250,000
Total		<u>\$ 712,292</u>	<u>\$ 673,008</u>	Total		<u>\$ 712,292</u>	<u>\$ 673,008</u>

See accompanying notes.

# General Capital Fund

## Exhibits

City of Hoboken  
County of Hudson, New Jersey  
General Capital Fund

Balance Sheets

		<b>June 30</b>	
	<b>Reference</b>	<b>2005</b>	<b>2004</b>
<b>Assets</b>			
Cash	1-C, 2-C	\$ 118,039	\$ 3,953,680
Deferred charges - overexpenditure of ordinances	6-C	(614,118)	
Due from Current Fund	10-C	866,501	744,550
Deferred charges to future taxation:			
Funded	3-C	50,474,969	51,163,338
Unfunded	4-C	6,894,503	6,894,503
		<b>\$ 57,739,894</b>	<b>\$ 62,756,071</b>
<b>Liabilities, reserves and fund balance</b>			
Improvement authorizations:			
Funded	6-C	\$ 703,195	\$ 1,322,645
Unfunded	6-C	1,238,970	3,612,596
Reserve for Encumbrances	6-C	133,742	240,238
Bond anticipation notes payable	7-C	6,255,000	6,255,000
General serial bonds	8-C	48,047,442	48,552,442
School serial bonds payable	9-C	-	14,000
Green Acres Loans payable	11-C	2,280,686	2,425,581
Underground Storage Tank Loan payable	12-C	146,841	171,315
Reserve for Castle Point Project	13-C	28,885	28,885
Capital improvement fund	5-C	7,173	7,173
Fund balance	C-1	126,196	126,196
		<b>\$ 58,968,130</b>	<b>\$ 62,756,071</b>

*There were bonds and notes authorized but not issued on June 30, 2005 and 2004 in the amount of \$639,503. (Schedule 14-C).*

*See accompanying notes.*

City of Hoboken  
County of Hudson, New Jersey  
General Capital Fund

Statement of Fund Balance

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2005 and 2004	C	<u><u>\$ 126,196</u></u>

*See accompanying notes.*

# Parking Utility Funds

## Exhibits

City of Hoboken  
County of Hudson, New Jersey  
Parking Utility Fund

Balance Sheets

		<b>June 30</b>	
	<b>Reference</b>	<b>2005</b>	<b>2004</b>
<b>Assets</b>			
Operating Fund:			
Cash	1-D	\$ 1,838,323	\$ 2,300,537
Due from Current Fund	2-D	205,558	251,844
Deferred charge	9-D	345,611	800,720
Total assets		\$ 2,389,492	\$ 3,353,101
Capital Fund:			
Fixed capital	3-D	\$ 42,637,288	\$42,472,288
Due from Operating Fund	10-D		165,000
Total assets		\$ 42,637,288	\$42,637,288
<b>Liabilities, reserves and fund balance</b>			
Operating Fund:			
Appropriation reserves	D-3	\$ 359,481	
Security deposits	4-D	170,079	\$ 170,079
Accrued interest payable	5-D	707,068	665,158
Due to Capital Fund	10-D		165,000
Fund balance	D-1	1,152,864	2,352,864
Total liabilities and fund balance		\$ 2,389,492	\$ 3,353,101
Capital Fund:			
Bonds anticipation notes payable	6-D	\$ 5,280,000	\$ 5,280,000
Bonds payable	7-D	24,800,000	25,680,000
Reserve for amortization	8-D	12,557,288	11,677,288
Total liabilities, reserves and fund balance		\$ 42,637,288	\$42,637,288

*There were no bonds and notes authorized but not issued at June 30, 2005 and 2004.*

*See accompanying notes.*

City of Hoboken  
County of Hudson, New Jersey  
Parking Utility Fund

Statements of Operations and Changes in Fund Balance - Operating Fund

	Reference	Year ended June 30	
		2005	2004
Revenue and other income:			
Operating surplus anticipated	D-2	\$ 1,200,000	\$ 2,624,287
Parking Fees - Continuing Operations	D-2	7,453,960	6,860,628
Parking Fees - Midtown Garage	D-2	1,925,497	1,421,837
Parking Fees - 916 Garden St.	D-2	682,749	535,145
Permits	D-2	471,781	548,232
Coupons	D-2	148,221	211,063
Miscellaneous	D-2	3,118	3,808
Interest on Investments	D-2	59,389	47,256
Other credits to income:			
Cancellation of retainage payable			125,974
Total revenues		<u>11,944,715</u>	<u>12,378,230</u>
Expenditures:			
Salaries and wages	D-3	1,410,122	1,150,846
Other expenses	D-3	3,742,810	2,956,234
Debt service	D-3	2,253,646	2,241,758
Statutory expenditures	D-3	235,750	85,451
Deferred charges	D-3	700,011	481,338
Surplus (General Budget)	D-3	3,847,278	5,374,721
Other			
		<u>12,189,617</u>	<u>12,290,348</u>
Excess in revenue		(244,902)	87,882
Adjustments to income before fund balances:			
Expenditures included above which are deferred charges to budget of succeeding year:			
Expenditure without an appropriation	D-3	<u>244,902</u>	<u>737,393</u>
Statutory excess to surplus		-	825,275
Fund balance, beginning of year	D	<u>2,352,864</u>	<u>4,151,876</u>
		2,352,864	4,977,151
Decreased by utilization as anticipated revenue	D-2	<u>1,200,000</u>	<u>2,624,287</u>
Fund balance, end of year	D	<u>\$ 1,152,864</u>	<u>\$ 2,352,864</u>

See accompanying notes.

City of Hoboken  
County of Hudson, New Jersey  
Parking Utility Fund

Statement of Revenue - Operating Fund

Year ended June 30, 2005

	Reference	Anticipated		Excess or (Deficit)
		Budget	Realized	
Operating surplus anticipated	D-1	\$ 1,200,000	\$ 1,200,000	\$ -
Parking Fees - Continuing Operations	D-1,1-D	7,680,379	7,453,960	(226,419)
Parking Fees - Midtown Garage	D-1,1-D	1,645,000	1,925,497	280,497
Parking Fees - 916 Garden St.	D-1,1-D	700,000	682,749	(17,251)
Permits	D-1,1-D	565,000	471,781	(93,219)
Coupons	D-1,1-D	350,000	148,221	(201,779)
Miscellaneous	D-1,1-D	3,800	3,118	(682)
Interest on Investments	D-1,1-D	4,250	59,389	55,139
	D-3	<u>\$12,148,429</u>	<u>\$11,944,715</u>	<u>\$ (203,714)</u>

*See accompanying notes.*

City of Hoboken  
County of Hudson, New Jersey  
Parking Utility Fund

Statement of Expenditures - Operating Fund

Year ended June 30, 2005

	<u>Budget</u> <u>Appropriations</u>	<u>Modified</u> <u>Budget</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Overexpended</u>	<u>Canceled</u>
Operating:						
Salaries and wages	\$ 1,286,000	\$ 1,286,000	\$ 1,410,122		\$ 124,122	
Other expenses	3,192,810	3,192,810	3,162,467	\$ 30,343		
Other expenses-Group Health Benefits	550,000	550,000	250,312	299,688		
Debt service:						
Payment of bond principal	880,000	880,000	\$ 880,000			
Interest on bonds and notes	1,343,876	1,343,876	1,373,646		29,770	
Statutory Expenditures						
Public Employee's Retirement System	29,450	29,450		29,450		
Social Security	115,290	115,290	206,300		91,010	
Deferred charges:						
Expenditure without appropriation	700,011	700,011	700,011			
Surplus (General Budget)	4,050,992	4,050,992	3,847,278			\$203,714
	<u>\$ 12,148,429</u>	<u>\$ 12,148,429</u>	<u>\$ 11,830,136</u>	<u>\$359,481</u>	<u>\$ 244,902</u>	<u>\$ 203,714</u>
<b>Reference</b>	D-2	D-2	Below, A-1	D	D-1, 9-D	
Cash disbursements	1-D		\$ 9,756,479			
Deferred charges	9-D		700,011			
Accrued interest	5-D		1,373,646			
	Above		<u>\$11,830,136</u>			

*See accompanying notes.*

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements

June 30, 2005

**1. Summary of Significant Accounting Policies**

**A. Introduction**

Incorporated as a city in 1855, the City of Hoboken is a municipality located in Hudson County, New Jersey. As a municipality, the City functions independently through a Mayor-Council form of government adopted by the electorate at a referendum held in November, 1952, pursuant to New Jersey Statutes Annotated (“N.J.S.A.”) Title 40:69A-31 through 40:69A-67.2. The governing body consists of nine elected council members, six of which represent each of the City's six wards, and three of which are elected “at-large.” The ward council members are elected to concurrent four year terms, which begin on June 30 of the year before a leap year. The at-large council members are elected with the mayor, to concurrent four year terms which begin on June 30 of the year after a leap year. The mayor does not vote on council matters. The purpose of the City is to provide general municipal services and conduct general municipal affairs, as provided for by the City's departments: Administration, Environmental Services, and Human Services. In July 2001, a fourth City department, Community Development, was created through the transfer of several divisions from the Administration and Human Services departments.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes the reporting model to be used by general purpose governmental units when reporting financial position and results of operations in conformity with accounting principles generally accepted in the United States (GAAP).

The financial statements of the City of Hoboken, New Jersey (the “City”) 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”). The principles and practices prescribed by the Division 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.

**B. Description of Funds**

The accounts of the City are maintained in accordance with the Division's principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The Division's principles of fund accounting require that resources be classified for

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. In addition, the Division also requires the establishment of the General Fixed Assets Account Group. The General Fixed Assets Account Group is a financial reporting device designed to provide accountability for certain fixed assets and the investment in those fixed assets that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Under this method of accounting, the City accounts for its financial transactions through the following four separate funds and account group, which differ from the fund structure and reporting model required by GAAP.

*Current Fund* - Accounts for all revenues and expenditures applicable to the general operations of City departments and agencies. Federal and state grant awards are included in the Current Fund as the Federal and State Grant Fund.

*Trust Funds* - Account for assets held by the City in a trustee capacity or as an agent for individuals or other government agencies. Funds held by the City which have restrictions placed on the use of such funds are recorded in the Trust Funds.

*General Capital Fund* - Accounts for financial resources to be used for the acquisition of general capital facilities. The major resources are derived from the sale of serial bonds and bond anticipation notes.

*Parking Utility Operating and Capital Funds* - Account for the operations and acquisition of capital facilities of the parking utility.

*General Fixed Assets Account Group* - Accounts for all fixed assets purchased by the Current Fund and the General Capital Fund.

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. Except where noted below, the modified accrual basis of accounting is used. The more significant differences are as follows:

*Revenues* - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the City budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

*Under GAAP, the modified accrual basis of accounting requires that revenues be recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.*

*Expenditures* - 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 the encumbrance accounting system. Outstanding encumbrances at June 30 are reported as a cash liability in the financial statements and constitute part of the City's statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at June 30 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

*Under GAAP, the modified accrual basis of accounting requires that expenditures in the Current Fund 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. Additionally, appropriation reserves are not established under GAAP.*

*Property Acquired for Taxes* - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved.

*GAAP would require such property to be recorded at its fair value at the time 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 would not require the establishment of an offsetting reserve for interfund receivables.*

*Inventories of Supplies* - 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.

*General Fixed Assets* - Fixed assets used in governmental operations (general fixed assets) would be 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 would not be capitalized. All fixed assets would be valued at historical cost or estimated historical cost if actual historical cost is not available, except for land which would be valued at estimated fair value. No depreciation would be provided for in the financial statements. Expenditures for construction in progress would be recorded in the General Capital Fund until such time as the construction is completed and put into operation. Fixed assets acquired through grants in aid or contributed capital would not be accounted for separately.

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

*Under GAAP, different accounting treatment would apply to certain items. For instance, construction in progress would be recorded as a capital asset in the Statement of Net Assets.*

*Fixed Assets–Parking Utility Fund* - Property and equipment purchased by the Utility Funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not propose to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

*GAAP does not require the establishment of a reserve for amortization of fixed capital, whereas it does require the recognition of depreciation of property and equipment by the utility funds.*

*Reserve for Payment of Insurance Claims* - Cash held by the municipality for the payment of future insurance claims is offset by a reserve in the Trust Fund.

*Insurance claims incurred are not recorded as a liability but would be recorded as a liability 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 in the Statement of Net Assets.*

**D. Reporting Entity**

GASB Statement 14 establishes criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the City to be recorded separately. The financial statements of the City include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City, as required by the provisions of N.J.S. 40A:5-5.

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

The primary criterion for including activities within the City's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is a fiscal dependency by the organization on the City.

Based on the aforementioned criteria, the financial statements of the following entities would be shown as component units on the City's financial statements under GASB Statement 14. Financial statements for the entities listed below can be obtained from the respective entity's chief financial officer or secretary to the board.

Hoboken Housing Authority  
Hoboken Library

**E. Statutory-Basis Financial Statements**

The GASB Codification also defines the financial statements of a governmental unit to be presented in the statutory-basis financial statements to be in accordance with GAAP. The City presents the statutory-basis 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 statutory-basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**F. Budgets/Budgetary Control**

As required by N.J.S.A. 40A:4-1 et seq., the Local Budget Law, the annual budget is introduced by resolution, submitted to the Division for approval, advertised, heard publicly at least 10 days later, and finally adopted. Amendments, if any, must be made prior to budget adoption, and go through a similar process as permitted by N.J.S.A. 40A:4-9. This process is supposed to begin no later than August 10 of the City's budget year and must take at least 28 days before the budget may be adopted. A temporary budget is permitted until the budget is

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

adopted. Budget revenues use the cash basis, and appropriations use the modified accrual basis of accounting. The legal level of budgetary control is established at individual appropriations. Transfers of appropriations may be made by City resolution only during May and June. Additional budget revenues and appropriations after adoption may only be made with Division approval pursuant to N.J.S.A. 40A:4-46, 53 or 54 (emergencies) or N.J.S.A. 40A:4-87 (grants awarded after budget adoption). A grant award by itself does not create legal spending authority for the City, and must be budgeted prior to the related grant expenditures being made.

The Local Budget Law also has numerous other unique requirements, such as a cap on the budget increase from one year to the next (based on the government price inflation of the State), and appropriation reserves (at June 30, unexpended balances of budget appropriations, unless canceled by resolution, are reserved). These appropriation reserves have similar form and constraints as the budget, with certain exceptions. For instance, appropriation reserve transfers may only be made by City resolution in July, August and September, and unexpended appropriation reserves lapse, creating an increase to fund balance.

The other funds included on the budget are not significant. Trust funds are only listed by title through a memorandum section, "Dedication by Rider," pursuant to N.J.S.A. 40A:4-39. Capital improvement activities are reflected in the Capital Budget section, but this inclusion is more of a planning tool, and does not create legal spending appropriations in the General Capital Fund, which appropriations must be created through ordinance.

*Budgetary Basis of Accounting* - Budgetary integration into the accounting system is employed as a management control device during the year. Substantial differences exist between GAAP and the City's budgetary basis of accounting as described in Note 1(C). A reconciliation between the two would not be meaningful or informative, and therefore is not provided herein.

**G. Encumbrances**

With respect to encumbrances, when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system, expenditures are recognized. Outstanding encumbrances at June 30 are reported as a cash liability in the financial statements.

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**H. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

**I. Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the City, and that are due within one year.

**J. Long-Term Obligations**

General long-term debt is recognized as a liability of the General Capital Fund and Parking Utility Capital Fund.

**K. Reserves (Other than Reserve for Receivables)**

Reserves, other than “reserve for receivables” are considered as liabilities, and not as a reservation of fund balance.

**L. Reserves for Receivables**

Reserves for receivables are offsetting balance sheet account credits that are created to preserve the cash basis revenue recognition required by the Division's accounting principles.

**M. Fund Balance**

Fund equity represented on the financial statements consists solely of fund balance, which is not further categorized with respect to reservations (portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use) or designations (plans for future use of financial resources).

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**2. Deposits and Investments**

**Deposits**

State of New Jersey statutes permit the deposit of public funds in institutions located within the State and which are insured by the Federal Deposit Insurance Corporation (FDIC), the Saving Association Insurance Fund (“SAIF”), or by any other agencies of the United States that insures deposits, or the State of New Jersey Cash Management Fund.

Additionally, the City deposits public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at last equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

- The market value of the collateral must equal five percent of the average daily balance of public funds; or,
- If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve system and has capital funds of not less than \$25,000,000. The City has complied with all statutes and regulations applicable to deposits and investments.

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**2. Deposits and Investments (continued)**

The carrying amount of the City's cash and cash equivalents as of June 30, 2005 was \$15,420,184, and the bank balance was \$17,451,472, of which \$600,000 was insured by the FDIC and the remaining \$16,910,181 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA").

As of June 30, 2005, the City implemented disclosure requirements of GASB Statement No. 40, *Deposit and Investment Disclosures*. GASB Statement No. 40 requires that the City disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the City would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities are not pledged to the depositor), collateralized with the securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the City.

The City does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. The City's deposits were fully collateralized by funds and held by the financial institution, but not in the name of the City. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

**New Jersey Cash Management Fund**

All investments in the New Jersey Cash Management Fund ("NJCMF") are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure 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.

**Investments**

New Jersey municipalities are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey municipalities.

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**2. Deposits and Investments (continued)**

New Jersey statutes permit local governments to invest in the instruments listed below.

- Bonds or other obligations of the United States or obligations guaranteed by the United States.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the New Jersey Department of the Treasury, Division of Investments.
- Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- New Jersey Cash Management Fund.
- Repurchase agreements (repos) of fully collateralized securities, subject to certain conditions defined in the above statute.
- Obligations issued by (New Jersey) State government and its agencies as permitted by State laws.

As of June 30, 2005 and 2004, cash and cash equivalents of the City consisted of the following:

	<b>2005</b>	<b>2004</b>
Checking accounts	<b>\$11,675,644</b>	\$ 8,818,236
Savings accounts	<b>3,069,530</b>	4,440,265
Funds held in trust	–	2,069,451
Certificates of Deposit	<b>633,718</b>	747,158
NJ Cash Management Fund	<b>41,291</b>	40,443
Cash on hand	<b>750</b>	750
<b>Total</b>	<b>\$15,420,933</b>	\$16,116,303

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**3. Property Taxes Receivable and Property Tax Calendar**

Property taxes receivable are recorded in the Current Fund as each semiannual tax levy billing is approved. At fiscal year-end, the receivables represent delinquent taxes.

Property taxes collected by the City are divided into three components: 1) the municipal portion for the City; 2) the school district portion for the Hoboken Board of Education; and 3) the county portion for the County of Hudson. The combined total of the three tax levy components is known as the general tax levy. The school district and county portions are required to be remitted by the City in full to the Hoboken Board of Education and County of Hudson, respectively. Any uncollected amount of the general tax levy becomes the burden of the City. New Jersey Statutes require municipalities within the State to make allowance for the uncollected amount of the general tax levy via appropriation in the municipal budget. This appropriation, Reserve for Uncollected Taxes, serves to increase the amount of the municipal portion of the general tax levy to an amount sufficient to allow for the estimated amount not expected to be collected during the fiscal year. The statutory lower limit of this estimate is based on a calculation which generally takes the prior year tax collection percentage and applies it to the amount required to be raised by municipal tax levy in order to support the municipal budget. There are certain exceptions to using the prior year tax collection rate as the calculation factor, such as a three-year average or a reserve for uncollected taxes exclusion, but these require a resolution approved by the City's governing body and approval by the Director of the Division of Local Government Services.

Taxes are levied every six months, with scheduled levy dates on June 14 and December 1 in accordance with Chapter 72 of the 1994 Laws of New Jersey. The taxes levied on June 14 are due one-half by August 1 and one-half by November 1. The taxes levied on December 1 are due one-half by February 1 and one-half by May 1. A ten-day grace period is allowed for payments of tax levy bills beyond the scheduled due dates. After the ten-day grace period has expired, the taxes are considered delinquent, and accrue interest from the scheduled due date at rates established by City resolution in accordance with New Jersey Statutes.

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**4. Deferred Charges to Future Taxation Funded and Unfunded**

Upon the authorization of capital projects, the City 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 non-funded debt issued. Pursuant to New Jersey Statutes Annotated 40A:2-4, the City may levy taxes on all taxable property within its boundaries to repay the debt. Annually, the City raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

**5. Long-Term Debt**

**Changes in Outstanding Debt**

Transactions for the fiscal year ended June 30, 2005 are summarized as follows:

	<b>Balance, June 30, 2004</b>	<b>Issued</b>	<b>Refunded/ Retired</b>	<b>Balance, June 30, 2005</b>
General:				
General Serial and Term Bonds	\$48,552,442		\$ 505,000	\$48,047,442
School Serial Bonds	14,000		14,000	-
Bond anticipation notes	6,255,000	\$ 6,255,000	6,255,000	6,255,000
Green Trust Loans	2,425,581		144,895	2,280,686
Underground Storage Tank Loan	171,315		24,474	146,841
Parking Utility:				
General Serial Bonds	25,680,000		880,000	24,800,000
Bond anticipation notes	5,280,000	5,280,000	5,280,000	5,280,000
<b>Total</b>	<b>\$88,378,338</b>	<b>\$11,535,000</b>	<b>\$13,103,369</b>	<b>\$86,809,969</b>

**Bonds Payable/Local Bond Law**

Bonds are authorized in accordance with N.J.S.A. 40A:2, the Local Bond Law, which governs the issuance of bonds to finance general municipal capital and utility expenditures. The general procedure for the authorization for issuance of City bonds is to introduce it as an ordinance, with submittal of a supplemental debt statement to the Division. The ordinance is then advertised, heard publicly at least 10 days after the introduction and 7 days after the advertisement, and finally adopted. Amendments, if any, that are made prior to adoption, go through a similar process, except that a supplemental debt statement may not have to be filed. The adopted ordinance is then advertised with a statement that there is a 20 day period in which the public may dispute the ordinance. At the end of the 20 day period, the ordinance becomes effective. N.J.S.A. 40A:2-7 permits certain exceptions to this procedure. All bonds

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**5. Long-Term Debt (continued)**

issued by the City are general obligation bonds, backed by the full faith and credit of the City and retired in serial installments. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years, or be retired by the issuance of bonds.

**Statutory Net Debt Percentage**

The City's statutory net debt at June 30, 2005 and June 30, 2004 was 1.05% and 1.22%, respectively, of the average valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the City for the last three (3) preceding years (the Equalized Valuation Basis).

**Summary of Municipal Debt**

	June 30	
	2005	2004
Gross debt:		
Local school district debt:		
Type II loans issued	\$ 2,372,453	\$ 2,618,334
Type II bonds issued	519,000	779,000
Total local school district debt	2,891,453	3,397,334
General debt:		
Term bonds issued	48,047,442	48,552,442
Loans payable	2,427,527	2,596,896
Promissory note payable - HCIA	935,429	993,429
Bond anticipation notes issued	6,255,000	6,255,000
General debt authorized but not issued by the City	639,503	639,503
Type I bonds issued	-	14,000
Total general debt	58,304,901	59,051,270
Parking utility debt:		
Bonds issued	24,800,000	25,680,000
Bond anticipation notes issued	5,280,000	5,280,000
Total parking utility debt	30,080,000	30,960,000
Total gross debt	91,276,354	93,408,604
Less:		
Deduction for local school district debt	2,891,453	3,397,334
Deduction for general debt	7,382,442	7,382,442
Deduction for self-liquidating debt	30,080,000	30,960,000
Total net debt	\$ 50,922,459	\$ 51,668,828
Equalized valuation basis	\$4,841,359,285	\$4,240,056,109
Net debt divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended	1.05%	1.22%

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**5. Long-Term Debt (continued)**

Equalized valuation basis is the average of the equalized valuations of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the City for the last 3 preceding years.

Net debt as of June 30, 2005 and 2004 divided by equalized valuation basis per N.J.S.A. 40A:2-2., as amended did not exceed the 3.5% debt limitation allowed by N.J.S.A. 40A:2-6.

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

	June 30	
	2005	2004
3 1/2% of equalized valuation basis (municipal)	<b>\$169,447,575</b>	\$148,401,964
Net debt	<b>50,922,459</b>	51,668,828
Remaining borrowing power	<b><u>\$118,525,116</u></b>	<u>\$ 96,733,136</u>

*Annual Requirements to Retire Permanent Debt Obligations* - Principal and interest for all permanent debt (bonds and loans) outstanding at June 30, 2005 is as follows:

Fiscal Year	General		Parking Utility		Total
	Principal	Interest	Principal	Interest	
2006	\$ 1,157,279	\$ 2,353,830	\$ 915,000	\$ 1,185,336	\$ 5,611,445
2007	1,530,251	2,331,159	950,000	1,150,566	5,961,976
2008	2,938,281	2,299,335	985,000	1,114,466	7,337,082
2009	3,066,372	2,197,523	1,020,000	1,077,036	7,360,931
2010	3,204,527	2,079,464	1,075,000	1,025,424	7,384,415
2011-2015	18,739,303	8,027,577	6,150,000	4,296,126	37,213,006
2016-2020	14,749,706	2,856,740	7,850,000	2,652,850	28,109,296
2021-2025	2,846,809	815,090	5,855,000	578,813	10,095,712
2026-2030	1,628,900	4,171,475	-	-	5,800,375
2031-2033	613,541	3,951,459	-	-	4,565,000
	<u>\$50,474,969</u>	<u>\$31,083,652</u>	<u>\$24,800,000</u>	<u>\$13,080,617</u>	<u>\$119,439,238</u>

*Hudson County Improvement Authority - (Promissory Note)*

On December 21, 1989, the Mayor and City Council, acting as the Redevelopment Agency of the City of Hoboken, conveyed to Hudson Square North Associates L.P. Parcel F of the River Street Development area for consideration of \$1,023,770 received and a purchase

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**5. Long-Term Debt (continued)**

money mortgage note of \$1,500,000. Using the mortgage note as collateral, the City obtained a loan in the amount of \$1,500,000 from the County's Affordable Housing Trust Fund. As of June 30, 2005 and 2004, the unpaid balance was \$935,429 and \$993,429, respectively, and is recorded as a liability in the current fund.

**6. Fund Balance Appropriated**

	<b>June 30, 2005</b>
<b>Parking Utility Fund</b>	
Fund balance	\$1,152,864
Appropriated and included as anticipated revenue in succeeding year's budget	600,000

The accounting principles and requirements prescribed by the Division do not provide for reservations or designations of fund equity.

**7. Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges are shown on the balance sheets of the individual funds as noted.

	<b>June 30</b>	
	<b>2005</b>	<b>2004</b>
Current Fund:		
Deficit in operations	<b>\$1,282,504</b>	\$1,285,130
Overexpenditure of appropriations	<b>160,963</b>	5,006,710
Overexpenditure of appropriation reserves	<b>16,096</b>	220,062
Emergency authorization	<b>750,000</b>	-
Special emergency authorization	<b>140,000</b>	280,000
Total Current Fund	<b>\$2,349,563</b>	\$6,791,902
Federal and State Grant Fund:		
Expenditure with appropriation	<b>\$ 872,685</b>	
Total Federal and State Grant Fund	<b>\$ 872,685</b>	
Parking Utility Fund:		
Expenditure without appropriation	<b>\$ 345,611</b>	\$ 800,720
Total Parking Utility Fund	<b>\$ 345,611</b>	\$ 800,720

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**8. Pension Plans**

City employees who are eligible for pension coverage are enrolled in one of three State Pension Plans. The State pension systems were established by the act of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State Legislature. The three State administered pension funds are: the Consolidated Police and Firemen's Pension Fund (CPFPPF); the Public Employees' Retirement System (PERS); and the Police and Firemen's Retirement System (PFRS). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities annually for their respective contributions. The plans provide retirement and disability benefits, annual cost of living adjustments and benefits to plan members and beneficiaries. The plans are cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each municipality in the state and, therefore, the actuarial data for the Township is not available. The Division of Pensions issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions.

Due to the enactment of 1997 legislation, Chapter 114, P.L. 1997 and Chapter 115, P.L. 1997, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated. In addition, excess valuation assets were available to fund, in full or in part, the State of New Jersey's normal contribution for the fiscal years ended June 30, 2005 and 2004, excluding the contribution for postretirement medical benefits in the PERS.

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 PERS and PFRS provide for employee contributions based on percentages 4.5% and 8.5% through December 31, 1999 and 3.0% and 8.5% thereafter, respectively, of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in the PERS and PFRS. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**8. Pension Plans (continued)**

The City's contribution for pension expense for PERS, PFRS and CPFPPF combined, for the years ended June 30, 2005, 2004 and 2003 amounted to \$1,200,374, \$466,030 and \$418,218, respectively.

<u>Year ended June 30</u>	<u>PERS</u>	<u>PFRS</u>	<u>CPFPPF</u>
2005	\$76,821	\$1,123,553	–
2004	–	465,383	\$647
2003	55,687	225,409	137,122

**9. Postretirement Medical Benefits**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required the Public Employees Retirement System (“PERS”) to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994, with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one-half of one percent of the active payroll.

**10. Deferred Compensation Plan**

The City offers its employees a Deferred Compensation Plan (the “Plan”) created in accordance with Section 457 of the Internal Revenue Code of 1986, as amended by the Small Business Job Protection Act of 1996. Under the legislation, all funds deferred under the Plan and any other assets or income of the Plan held in trust are for the exclusive benefit of the participating employees and their beneficiaries. The State incorporated this requirement into its amendment to N.J.S.A. 43:15B-5 on June 6, 1997, and also amended N.J.A.C. 5:37-1 et seq. to reflect the new requirements.

Effective June 17, 1998, the Division approved the City's amendment to its Plan in order to conform to the new requirements. Pursuant to the approved Plan as amended, the City irrevocably renounces all claims and rights which the City or any of its creditors may have previously retained to use, for their own benefit, amounts held under the Plan.

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**11. Related Obligation – North Hudson Sewerage Authority**

In connection with the creation of the North Hudson Sewerage Authority (the “NHTSA”), which was created in October 1996, through a consolidation between the Hoboken-Union City-Weehawken Sewerage Authority (the “HUCWSA”) and the West New York Municipal Utilities Authority (the “WNYMUA”), a service agreement between the City (together with the Hudson County municipalities of Union City, Weehawken, and West New York) and the NHTSA was executed. The related obligation of the City with respect to the current service agreement pertains to service charges and annual charges.

In connection with this agreement, the NHTSA will charge users of its system, service charges, for all sewage treated or disposed of by the NHTSA and for all use and services to its system. Such service charges shall be established at rates estimated to be sufficient to provide for all amounts necessary to pay or provide for the expenses of operation and maintenance of the NHTSA’s system and the principal and interest on any and all bonds as they become due, to maintain the amounts required to held in accordance with the bond resolution provisions.

According to the agreement, annual charges, if any, are assessed to and payable by the City in the same percentage as the most recent determination by the NHTSA, of the allocation of the annual flow among the municipalities. The most recent determination by the NHTSA of the allocation of the annual flow is as follows: (i) Hoboken 23%, (ii) Union City 36%, (iii) Weehawken 14% and (iv) West New York 27%.

Also as part of the agreement, on or before January 1 of each fiscal year, the NHTSA will make an estimate of the amount of the annual charges, if any, which will become payable by the City for such fiscal year. On or before February 15 of each fiscal year, the City will pay to the NHTSA the amount of any annual charges not paid relating to any prior fiscal year. The City will pay to the NHTSA that part of the estimated amount of the annual charges for the current fiscal year in four equal installments on March 1, June 1, September 1 and November 1 of such fiscal year. As of June 30, 2005, the City had paid all installments due.

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**12. Contingent Liabilities**

**A. Compensated Absences (Unaudited)**

The City has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date. Costs are recognized when paid, rather than in the period earned. It is estimated that the current cost of such unpaid compensation would be approximately \$17,000,000 as of June 30, 2005. This amount is not reported either as an expenditure or liability.

**B. Grants**

The City receives federal and state financial assistance in the form of grants and entitlements. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. During 2005 and 2004, the City is subject to the requirements of the Single Audit Act Amendments of 1996, which mandated that all federal grant revenues and expenditures be audited in conjunction with the municipal audit. In addition, substantially all State grants, entitlements and cost reimbursements are subject to financial and compliance audits by the grantors. As of June 30, 2005, the City estimates that no material liabilities will result from such audits.

**C. Litigation**

The City is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the City.

**D. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to manage these risks, the City maintains commercial insurance coverage for property, liability and surety bonds. For 2005, the City obtained reinsurance coverage and umbrella coverage which limited the City risk retention to \$5,000 per occurrence and an aggregate limit of \$20,000,000 for general liability and automotive claims. The City is not aware of any claims pending that have a demand in excess of these coverages.

City of Hoboken  
Hudson County, New Jersey

Notes to Financial Statements (continued)

**12. Contingent Liabilities (continued)**

The City utilizes a self-insured risk management program for claims relating to workers' compensation. The City engaged an outside claims service administrator to serve as the fund administrator. Reserves are established by the City for estimated benefits and expenses for reported claims. The City charges to Current Fund operations all claims rendered during the year which will be paid from expendable available financial resources. The City paid claims for the years ended June 30, 2005 and 2004 in the amount of \$333,557 and \$300,825, respectively.

**E. Tax Appeals**

At June 30, 2005, there are approximately 43 tax appeals pending before the New Jersey Tax Court requesting a reduction of assessed valuation for years 2005 and prior. The aggregate assessed valuation of the properties under appeal totals approximately \$75,401,000. The City has not set up a reserve for this amount, but instead intends to issue additional refunding bonds and/or notes to pay for adverse judgments arising from tax appeal cases.

**13. Interfund Receivables and Payables**

The following interfund balances remained on the balance sheet at June 30, 2005:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
Current Fund	\$ 733,982	\$1,072,059
Federal and State Grant Fund	–	421,834
Trust – Section 8 - Housing Assistance Program	–	95,718
Trust – Animal Control Trust Fund	–	148
Trust – Community Development Block Grant Trust Fund	33,718	250,000
General Capital Fund	866,501	–
Parking Utility – Operating Fund	205,558	–
	\$1,839,759	\$1,839,759

Current Fund

Schedules

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Schedule of Cash

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	A	\$ 5,046,764
Increased by receipts:		
Miscellaneous revenues not anticipated	A-2	191,655
Taxes receivable	2-A	82,491,738
State of NJ	5-A	77,758
Revenue accounts receivable	7-A	46,422,957
Interfunds	8-A	1,459,900
Water and sewer liens	9-A	130,466
Tax overpayments	13-A	567,509
Various reserves	15-A	2,500
Total receipts		<u>136,391,247</u>
Decreased by disbursements:		
Budget appropriations	A-3	61,499,522
Interfunds	8-A	1,678,229
Appropriation reserves	11-A	4,147,629
Tax overpayments	13-A	1,261,849
Various reserves	15-A	82,329
Local district school tax	16-A	29,076,373
County taxes	17-A	30,969,599
Other		81,284
Total disbursements		<u>128,796,814</u>
Balance, June 30, 2005	A	<u>\$ 7,594,433</u>

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Year ended June 30, 2005

Year	Balance, June 30, 2004	2005 Levy	Added Taxes	Collections		State Share of Veterans and Senior Citizens, net	Balance, June 30, 2005
				2004	2005		
2003	\$ 3				\$ 3		\$ -
2004	<u>52,776</u>		<u>\$ 84,848</u>		<u>137,619</u>		<u>5</u>
	52,779		84,848		137,622		5
2005		\$ 80,014,599	\$ 2,584,287	\$ 130,168	82,354,116	\$ 72,138	42,464
	<u>\$ 52,779</u>	<u>\$ 80,014,599</u>	<u>\$ 2,669,135</u>	<u>\$ 130,168</u>	<u>\$ 82,491,738</u>	<u>\$ 72,138</u>	<u>\$ 42,469</u>
Reference	A	Below	Below	A, 12-A	A-2, 1-A	5-A	A

Reference

**Analysis of 2005 property tax levy**

Tax yield:

General purpose tax (abstract)	Above	\$ 80,014,599
Added and omitted taxes (54:4-63:1 et seq.)	Above	<u>2,584,287</u>
	Below	<u>\$ 82,598,886</u>

Tax levy:

County taxes added	17-A	\$ 29,231,334
County taxes (abstract)	17-A	985,700
County taxes-open space	17-A	752,565
Local district school tax	16-A	<u>29,584,589</u>
	A-2	60,554,188
Local tax for municipal purposes	A-2	19,052,483
Add additional tax levied	A-2	<u>2,992,215</u>
	Above	<u>\$ 82,598,886</u>

Reference

**Analysis of 2005 revenues**

Collected in 2005	Above	\$ 82,354,116
Collected in 2004	Above	130,168
Veterans and senior citizens, net	A-2	<u>72,138</u>
	A-1, A-2	<u>\$ 82,556,422</u>

Schedule 3-A

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Schedule of Tax Title Liens

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	A	\$ 408,855
Increased by transfer from taxes receivable	2-A	<u>28,084</u>
Balance, June 30, 2005	A	<u><u>\$ 436,939</u></u>

Schedule 4-A

Schedule of Property Acquired for Taxes at Assessed Valuation

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2005 and 2004	A	<u><u>\$ 2,806,900</u></u>

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Schedule of Veterans and Senior Citizens Per Chapter 20 P.L. 1971

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	A	\$ 32,098
Increased by:		
Deductions per tax duplicate:		
Senior citizens	2-A	25,750
Veterans	2-A	46,500
Deductions allowed by collector:		
Senior citizens	2-A	1,000
Veterans	2-A	2,000
		107,348
Decreased by :		
Cash receipts	1-A	77,758
Deductions disallowed by Tax Collector	2-A	3,112
		26,478
Balance, June 30, 2005	A	\$ 26,478

Schedule 6-A

Schedule of Mortgage Receivable

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	A	\$ 993,429
Decreased by principal payment received	14-A	58,000
Balance, June 30, 2005	A	\$ 935,429

City of Hoboken  
County of Hudson, New Jersey  
Current Fund

Schedule of Revenue Accounts Receivable

Year ended June 30, 2005

	Reference	Balance, June 30, 2004	Accrued	Received	Balance, June 30, 2005
Licenses:					
Alcoholic Beverages	A-2	\$ 261,100		\$ 261,100	
Other	A-2	373,039		373,039	
Fees and Permits	A-2	151,282		151,282	
Zoning Board of Adjustment Fees	A-2	191,266		191,266	
Planning Board Fees	A-2	98,440		98,440	
Rent Leveling Fees	A-2	36,366		36,366	
Fines and Costs:					
Municipal Court	A-2	3,339,931		3,339,931	
Parking Tax	A-2	608,328		608,328	
Interest and Cost on Taxes	A-2	231,076		231,076	
Interest on Investments and Deposits	A-2	176,201		176,201	
Riverview Cablevision Associates	A-2	159,287		159,287	
Rents - City Owned Property	A-2	262,879		262,879	
Crosstown Bus Line	A-2	18,860		18,860	
SJP Properties - Block A - Phase I	A-2	936,000		936,000	
SJP Properties - Block A - Phase II	A-2	936,000		936,000	
SJP Properties/Applied - Block B	A-2	271,000		271,000	
Applied Development Co. - South Waterfront - Block C	A-2	1,247,655		1,247,655	
St. Mary's Hospital PILOT	A-2	110,021		110,021	
Grogan Marineview Plaza	A-2	468,771		468,771	
Clocktowers	A-2	151,908		151,908	
Marion Towers Associates	A-2	183,491		183,491	
Church Towers Urban Renewal	A-2	452,771		452,771	
Columbian Towers	A-2	89,677		89,677	
Columbian Arms	A-2	25,848		25,848	
Hudson Square North	A-2	158,257		158,257	
Willow Avenue Associates - 800 - 812 Willow Avenue	A-2	41,372		41,372	
PILOT-Port Authority of NY & NJ	A-2	3,000,000		3,000,000	
Applied Housing - 1203-1219 Williwow Avenue	A-2	235,152		235,152	
Applied Housing - 1201-1221 Washington Estates	A-2	389,582		389,582	
Applied Housing - 1200-1220 Hudson Estates	A-2	420,524		420,524	
Applied Housing - 1301-1309 Bloomfield Estates	A-2	127,507		127,507	
Applied Housing - Midway 500-508 Adams Street	A-2	205,996		205,996	
Applied Housing - Elysian Estates	A-2	69,882		69,882	
Applied Housing - Church Square	A-2	108,665		108,665	
Applied Housing - Eastview Associates	A-2	98,204		98,204	
Applied Housing - Westview Associates	A-2	175,186		175,186	
Applied Housing - Northvale I - 911-923 Clinton Street	A-2	355,316		355,316	
Applied Housing - Northvale II - 901-919 Clinton Street	A-2	340,984		340,984	
Applied Housing - Northvale IIIA	A-2	53,776		53,776	
Applied Housing - Northvale III B - 1106-1014 Clinton Street	A-2	80,777		80,777	
Applied Housing - Northvale IV - 58 11th Street	A-2	13,355		13,355	
New Jersey Transit - Transport of New Jersey	A-2	156,308		156,308	
Hudson Square North-Mortgage Receivable	A-2	55,754		55,754	
Consolidated Municipal Property Tax Relief Aid	A-2	13,423,836		13,423,836	
Legislative Initiative Municipal Block Grant	A-2	151,261		151,261	
Energy Receipts Tax	A-2	2,006,238		2,006,238	
Homeland Security Assistance	A-2	140,000		140,000	
Uniform Construction Code Fees	A-2	1,367,180		1,367,180	
Hoboken Housing Authority - Public Safety	A-2	405,000		405,000	
Reserve, Outside-Duty Police Administration	A-2	140,000		140,000	
Sinatra Park Concession	A-2	42,000		42,000	
Sale of Municipal Garage	A-2	7,938,751		7,938,751	
Anticipated Parking Utility Operating Surplus	A-2	3,847,278		3,847,278	
Refinancing of Defeased Escrow Debt	A-2	29,290		29,290	
Legal Settlement	A-2	64,329		64,329	
		\$ -	\$ 46,422,957	\$ 46,422,957	\$ -
Reference	A	A-2	1-A	A	

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Schedule of Interfunds

Year ended June 30, 2005

	<b>Balance, June 30, 2004</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Non-Cash</b>	<b>Balance, June 30, 2005</b>
Trust-Animal Control Fund	\$ 148				\$ 148
Parking Utility	(251,844)	\$ 203,714	\$ 250,000		(205,558)
General Capital Fund	(744,550)	121,951			(866,501)
Federal & State Grant Fund	132,960	1,134,235	1,428,229	\$ (5,120)	421,834
Section 8-Housing Assistance Program	62,000				62,000
Community Development Block Grant Trust Fund	250,000				250,000
	<u>\$ (551,286)</u>	<u>\$ 1,459,900</u>	<u>\$ 1,678,229</u>	<u>\$ (5,120)</u>	<u>\$ (338,077)</u>
<b>Reference</b>	Below	1-A	1-A	Below	Below
Interfunds receivable	A \$ 445,108				\$ 733,982
Interfunds payable	A, A-1 (996,394)				(1,072,059)
	Above <u>\$ (551,286)</u>				<u>\$ (338,077)</u>

**Analysis of non-cash activities**

Federal & State Grant Fund:

Revenue anticipated  
Budget appropriation

**Reference**

19-A	\$ 889,288
19-A	(894,408)
Above	<u>\$ (5,120)</u>

City of Hoboken  
Hudson County, New Jersey  
Current Fund

## Schedule of Water Liens Receivable

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	A	\$ 176,727
Decreased by cash received	A-1, 1-A	<u>130,466</u>
Balance, June 30, 2005	A	<u>\$ 46,261</u>

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Schedule of Deferred Charges

Year ended June 30, 2005

	<b>Balance, June 30, 2004</b>	<b>Added in FY 2005</b>	<b>Raised in FY 2005 Budget</b>	<b>Canceled</b>	<b>Balance, June 30, 2005</b>
Overexpenditure of Appropriations	\$ 5,006,710	\$ 11,217	\$ 4,856,964		\$ 160,963
Deficit in Operations	1,285,130	1,282,504	1,285,130		1,282,504
Overexpenditure of Appropriation Reserves	220,062	16,096	220,062		16,096
Emergency Authorization (40A:4-47)		750,000			750,000
Special Emergency Authorization- Preparation of a Master Plan (40A:4-55)	280,000		140,000		140,000
Overexpenditure of Grant Reserve			254,455	\$ 254,455	-
	<u>\$ 6,791,902</u>	<u>\$ 2,059,817</u>	<u>\$ 6,756,611</u>	<u>\$ 254,455</u>	<u>\$ 2,349,563</u>
<b>Reference</b>	A	A-1, A-3, 11-A	A-3	A-3	A

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Schedule of 2004 Appropriation Reserves

Year ended June 30, 2005

	<b>Balance, June 30, 2004</b>	<b>Encumbered</b>	<b>Balance After Transfers</b>	<b>Cash Disbursed</b>	<b>Encumbered</b>	<b>Balance Lapsed</b>	<b>Overexpended</b>
<b>Operations within "Caps"</b>							
Mayor's Office							
Salaries and Wages	\$ 517		\$ 517			\$ 517	
Other Expenses	2,371	\$ 1,333	3,704	\$ 2,374		1,330	
City Council							
Salaries and Wages	1,705		1,705			1,705	
Other Expenses		2,443	2,443	3,173			730
City Clerk's Office							
Other Expenses	6		6			6	
Elections							
Other Expenses		37,136	37,136	37,136		-	
Legal Advertising							
Other Expenses		17,525	17,525	17,525		-	
Codification of Ordinances							
Other Expenses	2,812	4,515	7,327	6,511		816	
Business Administrator's Office							
Other Expenses		732	732	649		83	
Purchasing							
Salaries and Wages	5,516		5,516			5,516	
Other Expenses	2,329	1,350	3,679	1,625		2,054	
Personnel and Health Benefits							
Salaries and Wages	4,427		4,427			4,427	
Other Expenses	19		19			19	
Constituent Services							
Salaries and Wages	1,086		1,086			1,086	
Other Expenses	3,250	2,700	5,950	2,700		3,250	
Revenue and Finance Director							
Salaries and Wages	4,139		4,139			4,139	
Other Expenses	4,344		4,344			4,344	
Annual Audit							
Other Expenses	80,835		80,835	75,000		5,835	
Accounts and Control							
Other Expenses	540	739	1,279	108		1,171	
Payroll							
Other Expenses	1,177	317	1,494	316		1,178	

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Schedule of 2004 Appropriation Reserves

Year ended June 30, 2005

	<b>Balance, June 30, 2004</b>	<b>Encumbered</b>	<b>Balance After Transfers</b>	<b>Cash Disbursed</b>	<b>Encumbered</b>	<b>Balance Lapsed</b>	<b>Overexpended</b>
Tax Collections							
Other Expenses		7,797	7,797	7,760		37	
Treasury & Debt Management							
Salaries and Wages	576		576			576	
Other Expenses	1,000		1,000			1,000	
Information Technology							
Salaries and Wages	902		902			902	
Zoning Administration							
Salaries and Wages	632		632			632	
Other Expenses	473	450	923	821		102	
Uniform Construction Code							
Appropriations Offset by Dedicated							
Revenues (N.J.A.C. 5:23-4.17)							
Other Expenses		16,902	16,902	16,902		-	
Corporation Counsel							
Other Expenses	818	3,140	3,958	3,159		799	
Other Expenses - Special Counsel	67,101	151,149	218,250	196,033	\$ 5,543	16,674	
Other Expenses - Expert Witness and Appraisal	5,727		5,727	2,125		3,602	
Office of the Tax Assessor							
Salaries and Wages	1,655		1,655			1,655	
Other Expenses		10,701	10,701	10,701		-	
Department of Human Services							
Director's Office							
Salaries and Wages	14,335		14,335			14,335	
Other Expenses	146	908	1,054	27		1,027	
Rent Leveling							
Other Expenses	17,393	297	17,690	13,827		3,863	
Housing Inspections							
Other Expenses	398		398			398	
Transportation							
Other Expenses		3,184	3,184	1,927		1,257	
Health							
Other Expenses		32,935	32,935	34,621		-	1,686
Senior Citizens							
Salaries and Wages	14,709		14,709			14,709	

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Schedule of 2004 Appropriation Reserves

Year ended June 30, 2005

	<b>Balance, June 30, 2004</b>	<b>Encumbered</b>	<b>Balance After Transfers</b>	<b>Cash Disbursed</b>	<b>Encumbered</b>	<b>Balance Lapsed</b>	<b>Overexpended</b>
Other Expenses		6,187	6,187	5,987		200	
Hispanic and Minority Affairs							
Other Expenses	889	624	1,513	379		1,134	
Recreation and Cultural Affairs							
Other Expenses		65,689	65,689	64,064	1,415	210	
Department of Environmental Services							
Director's Office							
Other Expenses	1,955	183	2,138	2,138		-	
Parks							
Salaries and Wages	53,502		53,502			53,502	
Other Expenses		14,932	14,932	14,827		105	
Public Property							
Salaries and Wages	45,250		45,250			45,250	
Other Expenses		9,124	9,124	9,124		-	
Streets and Roads							
Other Expenses		758	758	758		-	
Signal and Traffic							
Salaries and Wages	4,545		4,545			4,545	
Other Expenses	4,994	8,453	13,447	8,432	320	4,695	
Central Garage							
Other Expenses		30,880	30,880	30,519	84	277	
Sanitation							
Other Expenses		579,510	579,510	579,366	144	-	
Department of Community Development							
Director's Office							
Other Expenses		36,592	36,592	36,592		-	
Grants Management							
Other Expenses	151	230	381	230		151	
Waterfront Development							
Other Expenses		52,220	52,220	58,311		-	6,091
Planning Board							
Other Expenses	37,926	27,577	65,503	62,377	1,440	1,686	
Zoning Board of Adjustment							
Other Expenses	4,110	468	4,578	3,629		949	
Historic Preservation Committee							

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Schedule of 2004 Appropriation Reserves

Year ended June 30, 2005

	<b>Balance, June 30, 2004</b>	<b>Encumbered</b>	<b>Balance After Transfers</b>	<b>Cash Disbursed</b>	<b>Encumbered</b>	<b>Balance Lapsed</b>	<b>Overexpended</b>
Other Expenses	199		199			199	
Department of Public Safety							
Police							
Other Expenses		43,350	43,350	50,582		-	7,232
Fire							
Other Expenses	14,846	52,017	66,863	66,255	12	596	
Office of Emergency Management							
Salaries and Wages	2,359		2,359			2,359	
Other Expenses	5,000		5,000	4,000		1,000	
Unclassified							
Alcoholic Beverage Control Board							
Other Expenses	26,845	1,000	27,845	23,087		4,758	
North Hudson Regional Council of Mayors							
Other Expenses	8		8			8	
Settlement of Claims Against City	7,887	6,113	14,000	6,113		7,887	
Towing/Storage of Abandoned Vehicles		3,870	3,870	3,870		-	
NJ Right to Know	500		500	201		299	
Financial Consulting Services	3,154		3,154			3,154	
Engineering	25,819	25,507	51,326	36,255		15,071	
Labor Arbitrations	5,000		5,000			5,000	
Municipal Dues and Memberships	203		203			203	
Celebration of Public Events	15		15			15	
Postage	6,001		6,001	6,000		1	
Office Machines	11,466	13,403	24,869	24,775		94	
Stationary and Office Supplies	2,604		2,604	2,564		40	
Electricity		61,284	61,284	61,284		-	
Street Lighting		83,582	83,582	83,582		-	
Gasoline	5	7,901	7,906	7,901		5	
Fuel	874	202	1,076	202		874	
Water and Sewer	87		87	444		-	357
Communications		16,852	16,852	16,852		-	
Telecommunications Equipment	2,492		2,492			2,492	
Contingent	572	4,428	5,000	3,144		1,856	
Prior years bills	32,762		32,762			32,762	

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Schedule of 2004 Appropriation Reserves

Year ended June 30, 2005

	<b>Balance, June 30, 2004</b>	<b>Encumbered</b>	<b>Balance After Transfers</b>	<b>Cash Disbursed</b>	<b>Encumbered</b>	<b>Balance Lapsed</b>	<b>Overexpended</b>
Statutory Expenditures							
Consol. Police/Fire Pension Fund	169,353		169,353	86,735		82,618	
Police/Fire Widow Pension	50		50			50	
Unemployment Compensation		10,136	10,136	10,136			-
Municipal Court							
Salaries and Wages	116,656		116,656			116,656	
Other Expenses		17,366	17,366	17,045		321	
Public Defender							
Salaries and Wages	62		62			62	
Other Expenses		875	875	875			-
Maintenance - Free Public Library							
Salaries and Wages	56,500		56,500			56,500	
Other Expenses	38,272	63,244	101,516	83,560		17,956	
Insurance: N.J.S.A. 40A:4-45.3							
General Liability		31,335	31,335	27,604		3,731	
Workers Compensation		65,047	65,047	29,170		35,877	
Employee Group Health		2,193,757	2,193,757	2,183,640		10,117	
Police/Fireman's Retirement	4,054		4,054			4,054	
	<u>\$ 927,905</u>	<u>\$ 3,830,949</u>	<u>\$ 4,758,854</u>	<u>\$ 4,147,629</u>	<u>\$ 8,958</u>	<u>\$ 618,363</u>	<u>\$ 16,096</u>
	A	A		1-A	A-3	A-1	A-1, 10-A

City of Hoboken  
Hudson County, New Jersey  
Current Fund

## Schedule of Prepaid Taxes

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	A	\$ 150,922
Decreased by applied to 2005 taxes	2-A	<u>130,168</u>
Balance, June 30, 2005	A	<u><u>\$ 20,754</u></u>

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Schedule of Tax Overpayments

Year ended June 30, 2005

	<u>Reference</u>	<u>Tax Year</u>			
		<u>Total</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Balance, June 30 2004	A	\$ 1,591,311		\$ 825,033	\$ 766,278
Increased by:					
Cash received	1-A	\$ 567,509	\$ 567,509		
Tax appeal judgements	A-1	947,297	321,032	626,265	
		<u>3,106,117</u>	<u>888,541</u>	<u>1,451,298</u>	<u>766,278</u>
Decreased by:					
Cash disbursed	1-A	<u>1,261,849</u>		<u>495,571</u>	<u>766,278</u>
Balance, June 30, 2005	A	<u>\$ 1,844,268</u>	<u>\$ 888,541</u>	<u>\$ 955,727</u>	<u>\$ -</u>

City of Hoboken  
Hudson County, New Jersey  
Current Fund

## Schedule of Promissory Note Payable - HCIA

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	A	\$ 993,429
Decreased by principal payment	A-3, 6-A	<u>58,000</u>
Balance, June 30, 2005	A	<u><u>\$ 935,429</u></u>

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Schedule of Various Reserves

Year ended June 30, 2005

	<b>Balance, June 30, 2004</b>	<b>Increased by Cash Receipts</b>	<b>Decreased by Cash Disbursed</b>	<b>Balance, June 30, 2005</b>
Reserve for:				
Ragamuffin Parade	\$ 5,700			\$ 5,700
Maintenance of Free Public Library with State Aid	57,960		\$ 31,397	26,563
911 Relief Fund	49,248			49,248
D.A.R.E.	8,614			8,614
Sinatra Park	43,361	\$ 2,500	8,153	37,708
Public Assistance	8,714			8,714
Master Plan	156,047		42,779	113,268
	<u>\$ 329,644</u>	<u>\$ 2,500</u>	<u>\$ 82,329</u>	<u>\$ 249,815</u>
<b>Reference</b>	A	1-A	1-A	A

City of Hoboken  
Hudson County, New Jersey  
Current Fund

Schedule of Local District School Tax

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	A	\$ -
Increased by:		
Levy fiscal year 2005	A-1,2-A	<u>29,584,589</u> 29,584,589
Decreased by payments	1-A	<u>29,076,373</u>
Balance, June 30, 2005	A	<u><u>\$ 508,216</u></u>

Schedule of County Taxes Payable

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	A	\$ -
Increased by:		
County tax levy	2-A	29,231,334
Open space tax levy	2-A	752,565
Added and omitted taxes	2-A	<u>985,700</u>
	A-1	30,969,599
Decreased by payments	1-A	<u>30,969,599</u>
Balance, June 30, 2005	A	<u><u>\$ -</u></u>

City of Hoboken  
Hudson County, New Jersey  
Federal and State Grant Fund

Schedule of Grants Receivable

Year ended June 30, 2005

Purpose	Balance, June 30, 2004	2005 Budget Revenue Realized	Received	Transferred to Unappropriated Reserves	Balance, June 30, 2005
Adult Day Care '03 - (National Care Giver Fund-Care Management)	\$ (2,945)			\$ 2,945	\$ -
Comprehensive Program for the Elderly - FY2003	37,974	\$ 77,500			115,474
BOJA - Bulletproof Vest Partnership Grant		1,300			1,300
Byrne Formula Block Grant-Safe Schools & Communities		38,949	\$ 28,949		10,000
Clean Communities - FY2004	(1,231)	33,068			31,837
COPS in School - 2002	532,299	375,000	680,065		227,234
COPS More	19,690				19,690
COPS More - 2002	195,861				195,861
COPS Tech			22,921	22,921	-
Domestic Violence		7,500			7,500
DOT Local Aid Centers of Places "Hoboken Signage"		50,000			50,000
Law Enforcement Block Grant	23,565	11,347	11,347		23,565
Municipal Alliance on Alcohol & Drug Abuse	67,262				67,262
NJ 2003 Body Armor Replacement Fund	(404)	15,000	20,145		(5,549)
NJDOT Roadway - 5th & Clinton			32,390	32,390	-
NJ Historic Trust - City Hall	76,684				76,684
NJDCA Safe Kids Playground Initiative Grant	5,000				5,000
NJDEP Municipal Stormwater Regulation Program		20,619			20,619
NJDEP - 2002 Tree Planting Grant	2,250				2,250
Office Smart Growth			15,000	15,000	-
Operation New Adventure			35,000	35,000	-
Public Health Priority Funding	36,361				36,361
Recycling Tonnage	48,000	48,000			96,000
State Local Cooperative Housing Inspection Program	14,548	53,000			67,548
Statewide Livable Communities - Library Aid ADA		75,000			75,000
Statewide Livable Communities - Library Aid Improvements		50,000			50,000
Stormwater			15,464	15,464	-
Summer Food Service Program		33,005			33,005
Uniform Fire Safety Act	88,828				88,828
Urban Park Grant - Church Square Park	101,212				101,212
2003 NJDOT Roadway Funds	164,539		164,539		-
NJ Transportation Trust Fund Authority Act - 2001: Sinatra Drive	689,003		108,415		580,588
	<u>\$ 2,098,496</u>	<u>\$ 889,288</u>	<u>\$ 1,134,235</u>	<u>\$ 123,720</u>	<u>\$ 1,977,269</u>
Reference	A	A-2, 19-A	19-A	21-A	A

City of Hoboken  
Hudson County, New Jersey  
Federal and State Grant Fund

Schedule of Interfunds Receivable/(Payable)  
Federal and State Grant Fund

Year ended June 30, 2005

	<u>Reference</u>	<u>Current Fund</u>
Balance, June 30, 2004	A	\$ (132,960)
Increased by:		
Budget appropriation	8-A, 20-A	894,408
Cash receipts - grants receivable	8-A, 18-A	<u>1,134,235</u>
		1,895,683
Decreased by:		
Cash disbursements	8-A, 20-A	1,428,229
Revenue anticipated	8-A, 18-A	<u>889,288</u>
Balance, June 30, 2005	A	<u><u>\$ (421,834)</u></u>

City of Hoboken  
Hudson County, New Jersey  
Federal and State Grant Fund

Schedule of Appropriated Reserves

Year ended June 30, 2005

Purpose	Balance, June 30, 2004		Transferred from 2005 Budget Appropriation	Cash Disbursed	Expended without Authorization	Balance, June 30, 2005	
	Reserved	Encumbered				Encumbered	Reserved
<b>Federal:</b>							
COPS in School - 2002	\$ 256,776		\$ 375,000			\$ 631,776	
COPS More - 2000	793	\$ 33,219		\$ 34,012			-
COPS More - 2002		94,501		77,435	\$ 15,033	\$ 32,099	-
COPS Tech				408,370	431,364	22,994	-
Local Law Enforcement Block Grant - 2001	2,500					640	1,860
Local Law Enforcement Grant 2002	5,272	9,778		16,718	1,668		-
Local Law Enforcement Block Grant 2003	18,763	7,420	11,347				37,530
Safe School and Communities			38,949	52,961	14,528	516	-
Summer Food Service	6,197		33,005				39,202
Urban Park Grant - Church Square Park	101,212						101,212
<b>State:</b>							
BOJA - 2003 Bulletproof Vest Partnership Grant	6,519		1,300				7,819
BOJA - 2004 Bulletproof Vest Partnership Grant	11,997						11,997
NJ 2001 Body Armor Replacement Fund	15,000		15,000	9,660		15,613	4,727
Clean Communities Program - 2001	35,955	3,685					39,640
Clean Communities Program - 2003	4,138						4,138
Clean Communities Program - 2004	33,068						33,068
Clean Communities Program - 2005			33,068				33,068
Domestic Violence	10,000		7,500	14,031		800	2,669
Domestic Violence Response Team Subgrant	6						6
DOT Local Aid Centers of Places "Hoboken Signage"			50,000				50,000
Local Dem Prop Equip				53,998	53,998		-
Municipal Alliance Program	56,262						56,262
Municipal Alliance Program-City Match	11,522						11,522
National Endowment for the Humanities	100						100
NJDEP-2002 Tree Planting Grant	7,625						7,625
NJDEP Municipal Stormwater Regulation Program			20,619				20,619
NJDOT Roadway Funds-2003	386,478			439,957	53,479		-
NJ Dept. of Community Affairs Direct Aid:							

City of Hoboken  
Hudson County, New Jersey  
Federal and State Grant Fund

Schedule of Appropriated Reserves

Year ended June 30, 2005

Purpose	Balance, June 30, 2004		Transferred from 2005 Budget Appropriation	Cash Disbursed	Expended without Authorization	Balance, June 30, 2005	
	Reserved	Encumbered				Encumbered	Reserved
State Local Cooperative Housing Inspection Program			53,000				53,000
Lighting North Park	540						540
NJ Historic Trust - City Hall	127,013						127,013
Surveillance Video Camera Grant				24,192	24,192		-
Fire Department Grant	26						26
Downtown Revitalization				98,141	98,141		-
NJ Cultural Arts	4,838						4,838
NJ Transportation Trust Fund Authority Act:							
Washington / 14th Street Project	101,482			48,152			53,330
Henderson & Observer	16,854						16,854
12th & Clinton				8,180	8,180		-
Castle Point				7,756	7,756		-
Jackson St.				74,636	74,636		-
Grand St.				54,550	54,550		-
Harrison St.				5,480	5,480		-
Public Health Priority Funding 2001	5,066						5,066
Public Health Priority Funding 2003	624	6,524					7,148
Public Safety Police 2001	23,963						23,963
Recycling Tonnage	19,733		48,000				67,733
Statewide Livable Communities-Library Aid-ADA			75,000				75,000
Statewide Livable Communities-Library Aid-ADA Improvements			50,000				50,000
Tobacco Age of Sale Enforcement Grant	1,800						1,800
Youth & Family Services - Elder Program	2,816						2,816
<b>County:</b>							
Comprehensive Program for the Elderly:							
Home Support and Day Care	46,640						46,640
Home Support and Day Care - 2002	60,799						60,799
Comprehensive Program for the Elderly - 2003	77,500						77,500
Home Support and Day Care - 2003 City Match	10,240						10,240
Home Support and Day Care - 2005			77,500				77,500

City of Hoboken  
Hudson County, New Jersey  
Federal and State Grant Fund

Schedule of Appropriated Reserves

Year ended June 30, 2005

Purpose	Balance, June 30, 2004		Transferred from 2005 Budget Appropriation	Cash Disbursed	Expended without Authorization	Balance, June 30, 2005	
	Reserved	Encumbered				Encumbered	Reserved
Home Support and Day Care - 2005 - City Match			5,120				5,120
Hazmat Donations-Fire Department	111,590						111,590
	\$ 1,581,707	\$ 155,127	\$ 894,408	\$ 1,428,229	\$ 843,005	\$ 72,662	\$ 1,973,356
Reference	A	A	A-3, 19-A	19-A	22-A	A	A

City of Hoboken  
Hudson County, New Jersey  
Federal and State Grant Fund

Schedule of Unappropriated Reserves

Year ended June 30, 2005

Purpose	Balance, June 30, 2004	Increased by Cash Received	Balance, June 30, 2005
Monument Renovation	\$ 75,000		\$ 75,000
Hudson River Waterfront/Castle Point Project	150,000		150,000
Domestic Violence	10,000		10,000
Alcohol Education Rehabilitation Fund	453		453
Drunk Driving Enforcement Fund	22,929		22,929
Adult Day Care '03 -		\$ 2,945	2,945
COPS Tech		22,921	22,921
NJDOT Roadway - 5th & Clinton		32,390	32,390
Office Smart Growth		15,000	15,000
Operation New Adventure		35,000	35,000
Stormwater		15,464	15,464
	<u>\$ 258,382</u>	<u>\$ 123,720</u>	<u>\$ 382,102</u>
Reference	A	18-A, 19-A	A

City of Hoboken  
Hudson County, New Jersey  
Federal and State Grant Fund

Schedule of Deferred Charges - Expenditure without Appropriation  
Federal and State Grant Fund

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	A	\$ 29,680
Transferred from appropriation reserves	20-A	<u>843,005</u>
Balance, June 30, 2005	A	<u><u>\$ 872,685</u></u>

Trust Fund

Schedules

City of Hoboken  
Hudson County, New Jersey  
Trust Fund

Schedule of Cash - Treasurer

Year ended June 30, 2005

	<b>Reference</b>	<b>Animal Control Fund</b>	<b>Trust Other Fund</b>	<b>Section 8 - Housing Assistance Program</b>
Balance, June 30, 2004	B	\$ 13,587	\$ 3,923,092	\$ 877,894
Increased by cash receipts:				
Community Development Block Grant receivable	3-B			555,934
State license fees collected	4-B	1,188		
Dog license fees	5-B	4,930		
Other Trust Fund deposits	6-B		73,318,038	
Reserve for Section 8 - Housing Assistance Program	9-B			1,678,585
Reserve for Section 8 - Housing Assistance Program-Interest	9-B			9,661
		19,705	77,241,130	3,122,074
Decreased by cash disbursements:				
Reserve for Dog License Expenditures	5-B	5,676		
Due to State of New Jersey	4-B	1,356		
Disbursements of Other Trust Fund deposits	6-B		72,406,122	
Reserve for Community Development Block Grant	8-B			487,849
Section 8 - Housing Assistance Program expenditures	9-B			1,612,519
		5,676	72,406,122	1,612,519
Balance, June 30, 2005	B	\$ 12,673	\$ 4,835,008	\$ 1,021,706

City of Hoboken  
Hudson County, New Jersey  
Trust Fund  
Animal Control Trust Fund

Schedule of Due to Current Fund

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2005 and 2004	B	<u>\$ 148</u>

City of Hoboken  
Hudson County, New Jersey  
Trust Fund  
Community Development Block Grant Trust Fund

Schedule of Community Development Block Grant Receivable

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	B	\$ 673,008
Increased by Current Year Grant Award	8-B	<u>561,500</u> 1,234,508
Decreased by cash received by the Section 8 - Housing Assistance Program	1-B, 7-B	<u>555,934</u>
Balance, June 30, 2005	B	<u><u>\$ 678,574</u></u>

City of Hoboken  
Hudson County, New Jersey  
Trust Fund  
Animal Control Trust Fund

Schedule of Due to State of New Jersey

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	B	\$ 328
Increased by State License Fees Collected	1-B	<u>1,188</u> 1,516
Decreased by Fees Remitted to State Treasurer	1-B	<u>1,356</u>
Balance, June 30, 2005	B	<u><u>\$ 160</u></u>

Schedule 5-B

Schedule of Reserve for Animal Control Expenditures

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	B	\$ 13,111
Increased by cash received	1-B	<u>4,930</u> 18,041
Decreased by cash disbursed	1-B	<u>5,676</u>
Balance, June 30, 2005	B	<u><u>\$ 12,365</u></u>

City of Hoboken  
Hudson County, New Jersey  
Trust Fund  
Other Trust Fund

Schedule of Reserve for Other Trust Fund Deposits

Year ended June 30, 2005

Description	Balance, June 30, 2004	Increase	Decrease	Balance, June 30, 2005
Affordable housing (Wanaque)	\$ 508,361	\$ 1,273		\$ 509,634
Amount due to outside lienholders	31,980	1,963,732	\$ 1,832,497	163,215
Block B South Waterfront Exclusivity		101,459		101,459
Crosstown Bus		10,962	10,739	223
Developers escrow deposits	574,090	545,995	386,357	733,728
Division of Cultural Affairs	14,525	186,610	156,647	44,488
Fire dedicated penalties	632			632
Fire education	109,981	64,202	35,665	138,518
Fire regular penalties	8,864	24,350	37,668	(4,454)
Girl's softball	1	350	270	81
Green Township RCA Escrow		81,422		81,422
Hoboken 150th Anniversary		142,947	47,329	95,618
Law Enforcement Trust	167,395	369,609	498,483	38,521
Miscellaneous deposits	3,246	67		3,313
Municipal Superiors Associations	9,904	612		10,516
NJ Unemployment	1,659			1,659
North Haledon RCA	487,020	7,289		494,309
Northwest Redevelopment Escrow		785,000	785,000	-
Parking Offenses Adjudication Act	398,764	505,804	453,291	451,277
Payroll Agency	246,183	43,515,630	43,377,519	384,294
PBA Outside Employment Admin.	31,504	663		32,167
PILOTS		22,138,522	22,126,846	11,676
Police Athletic League	579	10,061	3,836	6,804
Police Athletic League-Hockey		3,333		3,333
Police Department Investigative	502	1,000	401	1,101
Police Department Memorial Fund	47,292	19,263	123	66,432
Police outside employment	38,392	1,385,741	1,385,532	38,601
Recreation-Basketball	1,000		1,000	-
September 11th Memorial Fund	266,255	91,886	126,490	231,651
Shade Tree Commission	1,924	10	1,513	421
Super Gene Escrow		23,377	23,377	-
TAM Restaurant	5,220	193	165	5,248
Tax sale premiums	876,667	775,186	610,052	1,041,801
Umpires fees	14,334	11,662	17,895	8,101
URSA Development Group		125,146	111,935	13,211
Workers' compensation insurance	76,818	424,682	375,492	126,008
	<u>\$ 3,923,092</u>	<u>\$ 73,318,038</u>	<u>\$ 72,406,122</u>	<u>\$ 4,835,008</u>
Reference	B	1-B	1-B	B

City of Hoboken  
Hudson County, New Jersey  
Trust Fund  
Community Development Block Grant Trust Fund

Schedule of Due to / (from)  
Section 8 - Housing Assistance Program

Year ended June 30, 2005

	<u>Reference</u>		
Balance, June 30, 2004	B	\$	34,367
Increased by payments made by the Section 8 - HAP	8-B		487,849
			<u>522,216</u>
Decreased by amounts received in the Section 8 - HAP	3-B		555,934
			<u>555,934</u>
Balance, June 30, 2005	B	\$	<u><u>(33,718)</u></u>

Schedule 8-B

Schedule of Reserve for Community Development Block Grant

Year ended June 30, 2005

	<u>Reference</u>		
Balance, June 30, 2004	B	\$	388,641
Increased by Current Year Grant Award	3-B		561,500
			<u>950,141</u>
Decreased by:			
Payments made by Section 8 - HAP	1-B, 7-B		487,849
			<u>487,849</u>
Balance, June 30, 2005	B	\$	<u><u>462,292</u></u>

City of Hoboken  
Hudson County, New Jersey  
Trust Fund  
Section 8 - Housing Assistance Program

Schedule of Reserves for Section 8 - Housing Assistance Program

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	B	\$ 850,261
Increased by:		
Interest on bank deposits	1-B	9,661
Program receipts	1-B	<u>1,678,585</u>
		2,538,507
Decreased by:		
Program expenditures	1-B	<u>1,612,519</u>
Balance, June 30, 2005	B	<u><u>\$ 925,988</u></u>

Schedule 10-B

Schedule of Loans Receivable

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2005 and 2004	B	<u><u>\$ 4,604,890</u></u>

City of Hoboken  
Hudson County, New Jersey  
Trust Fund  
Section 8 - Housing Assistance Program  
Schedule of Due to Current Fund

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2005 and 2004	B	<u>\$ 62,000</u>

Schedule 12-B

Schedule of Reserve for Loan Receivable

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2005 and 2004	B	<u>\$ 4,604,890</u>

City of Hoboken  
Hudson County, New Jersey  
Trust Fund  
Community Development Block Grant Trust Fund  
Schedule of Due to Current Fund

Year ended June 30, 2005

Reference

Balance, June 30, 2005 and 2004

B \$ 250,000

# General Capital Fund

## Schedules

City of Hoboken  
County of Hudson, New Jersey  
General Capital Fund

## Schedule of Capital Cash

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	C	\$ 3,953,680
Decreased by disbursements:		
Improvement authorizations	6-C	3,713,690
Interfund-Current Fund	10-C	<u>121,951</u>
Balance, June 30, 2005	C	<u><u>\$ 118,039</u></u>

City of Hoboken  
County of Hudson, New Jersey  
General Capital Fund

Schedule of Analysis of Capital Cash

Description	Balance, June 30	
	2005	2004
Fund balance	\$ 126,196	\$ 126,196
Capital improvement fund	7,173	7,173
Deferred charges	(614,118)	
Due from Current Fund	(866,501)	(744,550)
Reserve for Castle Point Park	28,885	28,885
Reserve for Encumbrances	133,742	240,238
<b><u>Improvement authorizations</u></b>		
7/15/1992 Acquire Fire Apparatus	210,880	264,640
11/15/1993 Reconstruction and Renovation of Certain Piers	1,021,295	1,021,295
12/20/1995 Refunding Bond Ordinance tax overpayment refunds	(267,836)	(267,836)
10/9/1997 Creation of North Park	(371,667)	(371,667)
10/9/1997 Creation of Castle Point Park	386,007	585,272
3/18/1997 Multi-Service Center	10,445	10,445
3/18/1998 Elysian Park	106	106
4/1/1998 Improvement to City Hall	2,978	2,991
6/7/2000 Removal and Closure of Storage Tanks in and by the City of Hoboken	106,471	142,006
5/30/2002 Multi-Parks	134,296	466,430
5/30/2002 Various projects and improvements	69,687	2,442,056
	<b>\$ 118,039</b>	<b>\$ 3,953,680</b>
<b>Reference</b>	<b>C</b>	<b>C</b>

City of Hoboken  
County of Hudson, New Jersey  
General Capital Fund

Schedule of Deferred Charges to Future Taxation - Funded

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	C	\$51,163,338
Decreased by:		
2005 Budget Appropriation		
payments related to:		
General Serial Bonds	8-C	505,000
Type I School Bonds	9-C	14,000
Green Acres Loan	11-C	144,895
Underground Storage Tank Loan	12-C	<u>24,474</u>
Balance, June 30, 2005	C	<u><u>\$50,474,969</u></u>

City of Hoboken  
County of Hudson, New Jersey  
General Capital Fund

Schedule of Deferred Charges to Future Taxation - Unfunded

Year ended June 30, 2005

Ordinance Date	Description	Balance, June 30, 2005 and 2004	Analysis of Balance	
			Expenditures	Bond Anticipation Notes
7/15/1992	Fire Apparatus	\$ 296,600		\$ 296,600
10/7/1992	Public Safety Facility	2,000		2,000
11/15/1993	Reconstruction and Renovation of Certain Piers	968,900		968,900
10/9/1997	Creation of North Park	371,667	\$ 371,667	
12/20/1995	Refunding Bond Ordinance providing for payment of amounts owing to others for taxes paid	267,836	267,836	
5/30/2002	Various Improvements	4,987,500		4,987,500
		<u>\$ 6,894,503</u>	<u>\$ 639,503</u>	<u>\$ 6,255,000</u>
	<b>Reference</b>	C		7-C

City of Hoboken  
County of Hudson, New Jersey  
General Capital Fund

Schedule of Capital Improvement Fund

Year ended June 30, 2005

	<u>Reference</u>	
Balance June 30, 2005 and 2004	C	<u><u>\$ 7,173</u></u>

City of Hoboken  
County of Hudson, New Jersey  
General Capital Fund

Schedule of Improvement Authorizations

Year ended June 30, 2005

Ordinance Date	Purpose	Amount	Balance, June 30, 2004			Expended	Encumbered	Transfers	Balance, June 30, 2005		Over- expended
			Funded	Unfunded	Encumbered				Funded	Unfunded	
7/15/1992	Acquisition of fire apparatus	\$ 900,000		\$ 264,640		\$ 53,760				\$ 210,880	
11/15/1993	Reconstruction and renovations of certain piers	4,200,000	\$ 52,395	968,900					\$ 52,395	968,900	
10/9/1997	Creation of Castle Point Park	750,000	585,272			196,085	\$ 3,180		386,007		
3/18/1998	Multi-Service Center	57,550	10,445						10,445		
3/18/1998	Elysian Park	11,300	106						106		
4/1/1998	Improvements -City Hall	156,000	2,991				13		2,978		
6/7/2000	Removal and closure of underground storage tanks in and by the City of Hoboken	244,735	142,006			35,535			106,471		
5/30/2002	Various Projects and Improvements:										
	Firehouses/Headquarters	341,322		341,322	\$ 162,540	1,002,152		\$ 300,000			\$ 198,290
	City Hall	770,011		770,011		928,707	48,931	(150,000)			357,627
	Underground Storage Tanks	1,317		1,317						1,317	
	Police Headquarters	210,000	10,500	199,500				(150,000)	10,500	49,500	
	Acquisition of Fire Engines	1,932		1,932						1,932	
	Acquisition of Equipment & Vehicles	26,435		26,435	76,280	94,121	43,769				35,175
	Integrated Computer	32,863		32,863	1,068	31,316	4,849				2,234
	Acquisition of Property	1,050,000	52,500	997,500		1,070,792					20,792
	Improvements to City Parks	8,176		8,176	350	2,085				6,441	
9/18/2002	Green Acres Funding: Multi-Parks	2,000,000	466,430			299,137	33,000		134,293		
			\$1,322,645	\$ 3,612,596	\$ 240,238	\$ 3,713,690	\$ 133,742	\$ -	\$ 703,195	\$ 1,238,970	\$ 614,118
	<b>Reference</b>		C	C	C	1-C	C		C	C	C

City of Hoboken  
County of Hudson, New Jersey  
General Capital Fund

Schedule of Bond Anticipation Notes Payable

Year ended June 30, 2005

Purpose	Original Date	Issue Amount	Maturity Date	Amount	Interest Rate	Balance, June 30, 2004	Increase	Decrease	Balance, June 30, 2005
Bond Anticipation Notes, Series 2004A	01/21/04	\$ 6,255,000	12/15/04	\$ 6,255,000	2.00%	\$ 6,255,000		\$ 6,255,000	\$ -
Bond Anticipation Notes, Series 2004A	12/15/04	\$ 6,255,000	12/15/05	\$ 6,255,000	2.75%		\$ 6,255,000		6,255,000
						<u>\$ 6,255,000</u>	<u>\$ 6,255,000</u>	<u>\$ 6,255,000</u>	<u>\$ 6,255,000</u>
					Reference	C			C

City of Hoboken  
County of Hudson, New Jersey  
General Capital Fund

Schedule of Serial Bonds

Year ended June 30, 2005

Purpose	Original Date	Issue Amount	Maturities of Bonds Outstanding		Interest Rate	Balance, June 30, 2004	Decreased by Budget Appropriation	Balance, June 30, 2005
			Date	Amount				
Early Retirement Pension Refunding Bonds	08/01/03	\$ 7,382,000	04/01/08	\$ 10,000	5.45%			
			04/01/09	25,000	5.45%			
			04/01/10	50,000	5.45%			
			04/01/11	80,000	5.45%			
			04/01/12	105,000	5.45%			
			04/01/13	140,000	5.45%			
			04/01/14	185,000	6.00%			
			04/01/15	225,000	6.00%			
			04/01/16	275,000	6.00%			
			04/01/17	295,000	6.00%			
			04/01/18	330,000	6.00%			
			04/01/19	360,000	6.50%			
			04/01/20	380,000	6.50%			
			04/01/21	440,000	6.50%			
			04/01/22	475,000	6.50%			
			04/01/23	525,000	6.50%			
			04/01/24	580,000	6.50%			
			04/01/25	660,000	6.50%			
			04/01/26	775,000	6.50%			
			04/01/27	217,820	7.14%			
			04/01/28	213,756	7.14%			
			04/01/29	212,557	7.14%			
			04/01/30	209,767	7.14%			
04/01/31	207,099	7.14%						
04/01/32	204,501	7.14%						
04/01/33	201,942	7.14%			\$ 7,382,442		\$ 7,382,442	
Qualified General Improvement Refunding Bonds, Tax Exempt Series 2003A	11/01/03	2,845,000	02/01/06	985,000	2.00%			
			02/01/07	1,355,000	2.125%	2,845,000	\$ 505,000	2,340,000
Qualified General Improvement Refunding Bonds, Taxable Series 2003B	11/01/03	38,325,000	02/01/08	2,750,000	3.57%			
			02/01/09	2,860,000	3.97%			
			02/01/10	2,970,000	4.26%			
			02/01/11	3,090,000	4.76%			
			02/01/12	3,250,000	4.96%			
			02/01/13	3,415,000	5.12%			
			02/01/18	19,990,000	5.33%			
								38,325,000
					\$ 48,552,442	\$ 505,000	\$ 48,047,442	
Reference					C	3-C	C	

City of Hoboken  
 County of Hudson, New Jersey  
 General Capital Fund

Schedule of Type I School Serial Bonds

Year ended June 30, 2005

Purpose	Original Date	Issue Amount	Maturities of Bonds		Interest Rate	Balance, June 30 2004	Paid	Balance, June 30 2005
			Date	Amount				
School Stadium	04/15/69	\$ 494,000	4/15/05	\$ 14,000	4.10%	\$ 14,000	\$ 14,000	\$ -
						\$ 29,000	\$ 14,000	\$ -
					Reference	C	3-C	C

City of Hoboken  
County of Hudson, New Jersey  
General Capital Fund

Schedule of Due to/(from) Current Fund

Year ended June 30, 2005

	<u>Reference</u>	
Balance June 30, 2004	C	\$ (744,550)
Decreased by cash disbursed	1-C	<u>121,951</u>
Balance June 30, 2005	C	<u><u>\$ (866,501)</u></u>

Schedule 11-C

City of Hoboken  
County of Hudson, New Jersey  
General Capital Fund

Schedule of Green Acres Loans Payable

Year ended June 30, 2005

	<u>Reference</u>	
Balance June 30, 2004	C	\$ 2,425,581
Decreased by payment	3-C	<u>144,895</u>
Balance June 30, 2005	C	<u>\$ 2,280,686</u>

Schedule 12-C

Schedule of Underground Storage Tank Removal Loan Payable

Year ended June 30, 2005

	<u>Reference</u>	
Balance June 30, 2004	C	\$ 171,315
Decreased by payment	3-C	<u>24,474</u>
Balance June 30, 2005	C	<u>\$ 146,841</u>

Schedule 13-C

Schedule of Reserve for Castle Point Project

Year ended June 30, 2005

	<u>Reference</u>	
Balance June 30, 2005 and 2004	C	<u>\$ 28,885</u>

City of Hoboken  
County of Hudson, New Jersey  
General Capital Fund

Schedule of Bonds and Notes Authorized but Not Issued

Year ended June 30, 2005

<b>Purpose</b>	<b>Ordinance Date</b>	<b>Balance, June 30, 2005 and 2004</b>
Refunding Bond Ordinance for Payments Owing to Others for taxes paid	12/20/95	\$ 267,836
Creation of North Park	10/07/97	<u>371,667</u>
		<u>\$ 639,503</u>

# Parking Utility Funds

## Schedules

City of Hoboken  
County of Hudson, New Jersey  
Parking Utility Fund

Schedule of Cash Receipts and Disbursements

Year ended June 30, 2005

	<u>Reference</u>	<u>Operating Fund</u>
Balance, June 30, 2004	D	\$ 2,300,537
Increased by receipts:		
Parking Fees - Continuing Operations	D-2	7,453,960
Parking Fees - Midtown Garage	D-2	1,925,497
Parking Fees - 916 Garden St.	D-2	682,749
Permits	D-2	471,781
Coupons	D-2	148,221
Miscellaneous	D-2	3,118
Interest on Investments	D-2	59,389
Due from Current	2-D	250,000
		<u>13,295,252</u>
Decreased by disbursements:		
Appropriation expenditures	D-3	9,756,479
Due from Current	2-D	203,714
Due to Parking Utility Capital Fund	10-D	165,000
Accrued interest	5-D	1,321,736
Other		<u>10,000</u>
Balance, June 30, 2005	D	<u>\$ 1,838,323</u>

City of Hoboken  
County of Hudson, New Jersey  
Parking Utility Fund

Schedule of Due from Current Fund

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	D	\$ 251,844
Increased by cash disbursed	1-D	<u>203,714</u>
		455,558
Decreased by cash received	1-D	<u>250,000</u>
Balance, June 30, 2005	D	<u>\$ 205,558</u>

Schedule 3-D

Schedule of Fixed Capital

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	D	\$42,472,288
Increased by additions:	D-3, 10-D	<u>165,000</u>
Balance, June 30, 2005	D, Below	<u>\$42,637,288</u>

**Analysis of balance:**

Land		\$ 6,286,565
Garage buildings		7,652,632
Garage rehabilitation		4,405,230
Garage buildings - Midtown		15,713,378
Garage buildings - 916 Garden St.		7,317,729
Garage equipment		277,934
Observer Highway improvement		483,898
Offstreet parking		72,414
Parking meters		125,035
Auto & other equipmen		195,748
Furniture and office equipmen		<u>106,725</u>
	Above	<u>\$42,637,288</u>

City of Hoboken  
County of Hudson, New Jersey  
Parking Utility Fund

Schedule of Security Deposits

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2005 and 2004	D	<u>\$ 170,079</u>

City of Hoboken  
County of Hudson, New Jersey  
Parking Utility Fund

Schedule of Accrued Interest Payable

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	D	\$ 655,158
Increased by budget appropriation	D-3	1,373,646
		<u>2,028,804</u>
Decreased by cash disbursement	1-D	<u>1,321,736</u>
Balance, June 30, 2005	D	<u><u>\$ 707,068</u></u>

**Analysis of accrued interest at June 30, 2005:**

	<u>From</u>	<u>To</u>	<u>Interest</u>
General Obligation Bonds, Series 2002	1/1/2005	6/30/2005	\$ 592,668
Bond Anticipation Note	12/15/2004	6/30/2005	114,400
			<u><u>\$ 707,068</u></u>

City of Hoboken  
 County of Hudson, New Jersey  
 Parking Utility Fund

Schedule of Bond Anticipation Notes Payable

Year ended June 30, 2005

Improvement Description	Original Issue		Maturities of Bonds Outstanding -		Interest Rate	Balance, June 30, 2005	Increases	Decreases	Balance, June 30, 2005
	Date	Amount	Date	Amount					
Parking Utility Bond Anticipation Notes, Series 2003	12/15/2003	5,280,000	12/15/2004	5,280,000	1.95%	\$ 5,280,000		\$ 5,280,000	\$ -
Parking Utility Bond Anticipation Notes, Series 2004A	12/15/2004	5,280,000	12/15/2005	5,280,000	4.00%		\$ 5,280,000		5,280,000
						<u>\$ 5,280,000</u>	<u>\$ 5,280,000</u>	<u>\$ 5,280,000</u>	<u>\$ 5,280,000</u>
					Reference	D			D

City of Hoboken  
County of Hudson, New Jersey  
Parking Utility Fund

Schedule of Serial Bonds Payable

Year ended June 30, 2005

Improvement Description	Original Issue		Maturities of Bonds Outstanding -		Interest Rate	Balance, June 30, 2004	Decreased by Principal Paid	Balance, June 30, 2005
	Date	Amount	Date	Amount				
Parking Utility General Obligation Bonds, Series 2002	1/1/2003	\$26,530,000	01/01/2006	\$ 915,000	3.80	\$ 25,680,000	\$ 880,000	\$ 24,800,000
			01/01/2007	950,000	3.80			
			01/01/2008	985,000	3.80			
			01/01/2009	1,020,000	5.06			
			01/01/2010	1,075,000	5.06			
			01/01/2011	1,125,000	5.06			
			01/01/2012	1,185,000	5.06			
			01/01/2013	1,250,000	5.06			
			01/01/2014	1,270,000	4.00			
			01/01/2015	1,320,000	5.25			
			01/01/2016	1,390,000	5.25			
			01/01/2017	1,460,000	5.25			
			01/01/2018	1,540,000	5.25			
			01/01/2019	1,690,000	4.75-5.00			
			01/01/2020	1,770,000	4.75-5.00			
			01/01/2021	1,860,000	4.75-5.00			
			01/01/2022	1,950,000	4.75-5.00			
		01/01/2023	2,045,000	4.75-5.00				
						<u>\$ 25,680,000</u>	<u>\$ 880,000</u>	<u>\$ 24,800,000</u>
					Reference	D	8-D	D

City of Hoboken  
County of Hudson, New Jersey  
Parking Utility Fund

Schedule of Reserve for Amortization

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	D	\$ 11,677,288
Increased by bond principal paid	7-D	<u>880,000</u>
Balance, June 30, 2005	D	<u><u>\$ 12,557,288</u></u>

Schedule 9-D

Schedule of Deferred Charges

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	D	\$ 800,720
Increased by overexpenditure of appropriations	D-3	<u>244,902</u> 1,045,622
Decreased by amount raised in budget	D-3	<u>700,011</u>
Balance, June 30, 2005	D	<u><u>\$ 345,611</u></u>

City of Hoboken  
 County of Hudson, New Jersey  
 Parking Utility Fund

Schedule of Due To/(From) Parking Utility Capital Fund

Year ended June 30, 2005

	<u>Reference</u>	
Balance, June 30, 2004	D	\$ 165,000
Increased by payment of fixed capital addition	1-D, 3-D	<u>(165,000)</u>
Balance, June 30, 2005	D	<u><u>\$ -</u></u>

Supplementary Information  
Relating to Expenditures of  
Federal and State Awards

City of Hoboken  
County of Hudson

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

Federal Grantor/Pass Through Grantor Program Title	Fund	Federal CFDA/ Grant Number	Program Award	Cumulative Expenditures at June 30, 2004	2005 Expenditures	Cumulative Expenditures at June 30, 2005
<b>Department of Housing and Urban Development:</b>						
<b>Direct:</b>						
Section 8 Housing Assistance Program	Trust	14.856, 14.182	\$ 4,124,721	\$ 1,586,214	\$ 1,612,519	\$ 3,198,733
<b>Total Direct Program</b>			4,124,721	1,586,214	1,612,519	3,198,733
<b>Passed through Hudson County Department of Finance and Administration:</b>						
Community Development Block Grant - 1992	Trust	14.218	51,559	22,500		22,500
Community Development Block Grant - 1999	Trust	14.218	168,000	86,469	21,531	108,000
Community Development Block Grant - 2000	Trust	14.218	235,890	74,065	3,578	77,643
Community Development Block Grant - 2001	Trust	14.218	595,420	399,435	10,000	409,435
Community Development Block Grant - 2002	Trust	14.218	446,500	401,499	45,001	446,500
Community Development Block Grant - 2003	Trust	14.218	511,500	351,892		351,892
Community Development Block Grant - 2004	Trust	14.218	561,500		407,739	407,739
<b>Total Pass-Through Program:</b>			2,570,369	1,335,860	487,849	1,823,709
<b>Total U.S. Department of Housing and Urban Development</b>			6,695,090	2,922,074	2,100,368	5,022,442
<b>Department of Justice</b>						
<b>Direct:</b>						
Public Safety Partnership and Community Policing Grants						
Safe Schools & Communities	Current	16.710	38,949		38,949	38,949
COPS More00 Program	Current	16.710	34,012	33,219	793	34,012
<b>Subtotal Public Safety Partnership and Community Policing Grant</b>			72,961	33,219	39,742	72,961
Local Law Enforcement Block Grant - 2001	Current	16.592	39,874	37,374	640	38,014
Local Law Enforcement Block Grant - 2002	Current	16.592	28,917	23,645	5,272	28,917
Local Law Enforcement Block Grant - 2003	Current	16.592	26,183	7,420		7,420
Local Law Enforcement Block Grant - 2005	Current	16.592	11,347			-
<b>Total Direct Program</b>			179,282	101,658	45,654	147,312
<b>Department of Interior</b>						
<b>Direct:</b>						
Urban Park Grant - Church Square Park	Current	15.919	50,606			-
Urban Park Grant - Church Square Park	Current	15.919	50,606			-
<b>Total U.S. Department of Interior</b>			101,212		-	-
<b>Department of Agriculture</b>						
<b>Passed through the NJ Department of Agriculture:</b>						
Summer Food Service	Current	10.559	33,005			-
Summer Food Service	Current	10.559	43,000	36,803		36,803
<b>Total Federal Assistance</b>			\$ 7,091,545	\$ 3,093,754	\$ 2,185,764	\$ 5,279,518

N/A -not available

See notes to schedules of expenditures of federal and state awards.

City of Hoboken  
County of Hudson

Schedule of Expenditures of State Awards

Year ended June 30, 2005

State Program- Program Title	Fund	Program	Program Number	Program Award	2005		Cumulative Expenditures at June 30, 2005	
					Receipts	Expenditures		
<b>Department of Community Affairs</b>								
	Current	Domestic Violence	N/A	\$ 10,000		\$ 10,000	\$ 10,000	
	Current	Domestic Violence	N/A	7,500		4,831	4,831	
	Current	Lighting North Park	100-022-8050-512-6130	50,000	\$ 49,460		49,460	
	Current	National Endowment for the Humanities	N/A	500	400		400	
	Current	NJ Cultural Arts	N/A	4,838			-	
	Current	Public Safety Police	N/A	23,963			-	
	Current	Statewide Livable Communities Local Library Aid	04-2319-00	75,000			-	
	Current	Statewide Livable Communities Historic Buildings Aid	04-3602-00	50,000			-	
<b>Total Department of Community Affairs</b>				221,801	49,860	\$ -	14,831	64,691
<b>Department of Environmental Protection</b>								
	Current	Clean Communities Program-2001	N/A	49,264	9,624		9,624	
	Current	Clean Communities Program-2003	N/A	8,966	4,828		4,828	
	Current	Clean Communities Program-2004	N/A	33,068			-	
	Current	Clean Communities Program-2005	N/A	33,068			-	
	Current	NJ Historic Trust City Hall	97.044	156,727	29,714		29,714	
	Current	Recycling Tonnage	N/A	67,733			-	
	Current	Stormwater	WQ04-260	20,619		15,464	-	
	Current	Tree Planting Grant	100-042-4870-079-6120	7,625			-	
<b>Total Department of Environmental Protection</b>				377,070	44,166	15,464	-	44,166
<b>Department of Health and Senior Services</b>								
<b>Direct</b>								
	Current	Public Health Priority Funding	N/A	5,532	466	1,165	466	
	Current	Public Health Priority Funding	N/A	16,998	9,850		9,850	
	Current	Tobacco Age of Sale Enforcement Grant	97-1636-ADA	1,800			-	
	Current	Youth and Family Services -Elder Program	N/A	107,936	105,120		105,120	
<b>Total Department of Health and Senior Services - Direct Programs</b>				132,266	115,436	1,165	-	115,436
<b>Department of Law and Public Safety</b>								
	Current	Body Armor Replacement Program	00-BA-0905	13,297	5,478		5,478	
	Current	Body Armor Replacement Program	00-BA-0905	11,997			-	
	Current	Body Armor Replacement Program	00-BA-0905	15,000		10,273	10,273	
	Current	Safe Schools and Communities Program	DE 16-S9-02	38,949			-	
<b>Total Department of Law and Public Safety</b>				79,243	5,478	-	10,273	15,751
<b>Department of Transportation</b>								
	Current	Transportation Trust Fund Authority Act						
	Current	Washington St. / 14th St. Project	N/A	1,469,300	1,367,818		48,152	1,415,970
	Current	Henderson and Observer	N/A	380,000	363,146			363,146
	Current	Roadway Funds - 2003	N/A	412,967	26,489		386,478	412,967
<b>Total Department of Transportation</b>				2,262,267	1,757,453	-	434,630	2,192,083
<b>Total State Assistance</b>				\$ 3,072,647	\$ 1,972,393	\$ 16,629	\$ 459,734	\$ 2,432,127

N/A -not available

See notes to schedules of expenditures of federal and state awards.

City of Hoboken  
Hudson County, New Jersey

Notes to Schedules of Expenditures of  
Federal and State Awards

June 30, 2005

**1. General**

The accompanying schedules of expenditures of federal and state awards present the activity of all federal award programs and all restricted state financial assistance programs of the City. All federal financial awards received directly from federal agencies, as well as expenditures of federal awards passed through other government agencies, are included on the schedule of expenditures of federal awards. All restricted state financial assistance received directly from state agencies, as well as restricted state financial assistance passed through other government agencies, are included on the schedule of expenditures of state awards. All local matching and interest income pertaining to or derived from federal awards and restricted state financial assistance are also presented in the accompanying financial schedules. Tax relief state financial assistance and other unrestricted state financial assistance programs are excluded from the schedule of expenditures of state awards, in accordance with New Jersey OMB Circular 04-04.

**2. Basis of Accounting**

The accompanying schedules of federal and state awards are presented using the basis of accounting as described in Note 1C. to the City's financial statements.

**3. Relationship to the Financial Statements**

Amounts reported in the accompanying financial schedules agree with amounts reported in the City's financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in the financial statements of the City.

**4. Other**

The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

City of Hoboken  
Hudson County, New Jersey

Notes to Schedules of Expenditures of  
Federal and State Awards (continued)

**5. Subrecipient Awards**

During 2005, federal and state awards were granted to subrecipients as follows:

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Subrecipient	Subrecipient Awards
U.S. Department of Housing and Urban Development:			
Community Development Block Grant	14.218	Day Care 100	\$ 30,508
	14.218	H.O.P.E.S. Head Start	32,130
	14.218	Nuestros Ninos	1,852
	14.218	Mile Square Day Care	82,818
	14.218	Hoboken Family Planning	20,670
	14.218	Boys and Girls Club	8,695
	14.218	United Cerebral Palsy	2,000
Total federal awards to subrecipients			<u>\$178,673</u>

Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Honorable Mayor and Members of the City Council  
City of Hoboken, New Jersey

We have audited the statutory-basis financial statements of the City of Hoboken (the “City”), County of Hudson, New Jersey as of and for the year ended June 30, 2005, and have issued our report thereon dated February 21, 2006 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services and which was qualified because a statement of general fixed assets is not presented in the financial statements. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City’s ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items #05-GAS-1 through #05-GAS-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in

internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item #05-GAS-1 to be a material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to the City's administration in the accompanying comments and recommendations section of this report.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items #05-GAS-1 through 2. We also noted certain immaterial instances of noncompliance that we have reported to the City's administration in the accompanying comments and recommendations section of this report.

This report is intended solely for the information and use of the City's administration and City Council and for filing with the Division of Local Government Services, Department of Community Affairs, State of New Jersey, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst + Young LLP*

February 21, 2006

## Report on Compliance and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Honorable Mayor and Members of the City Council  
City of Hoboken, New Jersey

### Compliance

We have audited the compliance of the City of Hoboken (the “City”), County of Hudson, New Jersey with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB*) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2005. The City’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City’s administration. Our responsibility is to express an opinion on the City’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City’s compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

## Internal Control Over Compliance

The administration of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City's administration, City Council and for filing with the Division of Local Government Services, Department of Community Affairs, State of New Jersey, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst + Young LLP*

February 21, 2006

City of Hoboken  
Hudson County, New Jersey

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

**Part I - Summary of Auditor's Results**

**Financial Statement Section**

Type of auditor's report issued:	Unqualified (See Below*)		
Internal control over financial reporting:			
Material weakness(es) identified?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> No
Reportable condition(s) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No

**Federal Awards Section**

Dollar threshold used to determine between Type A and Type B programs:	\$300,000		
Auditee qualified as low-risk auditee?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
Internal control over major programs:			
Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
Reportable condition(s) identified not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report on compliance for major programs.	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

	CFDA Number(s)	Name of Federal Program or Cluster
Federal:	14.856, 14.182 14.218	Housing Assistance Program – Section 8 Community Development Block Grant

\* The auditors' report is unqualified as presented in conformity with the accounting practices prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is an other comprehensive basis of accounting other than accounting principles generally accepted in the United States. In accordance with SAS 77, we issued an adverse opinion on the financial statements as they pertain to accounting principles generally accepted in the United States.

City of Hoboken  
County of Hudson, New Jersey

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

**Part II - Schedule of Financial Statement Findings**

[This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.]

*Note: For each finding listed in Section II or III herein, an indication is made as to whether the condition constitutes a "Financial Statement Qualification", "Material Noncompliance", "Reportable Condition", "Instance of Noncompliance Required to be Reported" and/or "Material Weakness".*

**Finding #05-GAS-1:**

**Criteria or Specific Requirement:**

One of the five major elements of internal control is "Information and Communication", which includes a financial reporting system that should accomplish the following:

1. Identify and record all valid transactions.
2. Provide, on a timely basis, sufficient detailed information about transactions to permit proper classification for financial reporting.
3. Allow transactions to be recorded at their proper monetary value in the financial statements.
4. Provide sufficient information to permit recording of transactions in the proper accounting period.
5. Properly present the transactions and related disclosures in the financial statements.

**Condition:**

1. Maintenance of the general ledger needs improvement. Adjustments were required to post some events, reclassify accounts, correct entries, and update information. (*Material Weakness; Reportable Condition*)

City of Hoboken  
County of Hudson, New Jersey

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

**Part II - Schedule of Financial Statement Findings (continued)**

2. A Federal and State Grant Fund was not properly maintained as a separate fund in the City's general ledger. Accounting for the grant transactions was made through the analysis of basic records. (*Material Weakness; Reportable Condition*)

**Questioned Costs:**

None.

**Effect:**

The overall effect on the City's internal control with respect to the deficiencies described above is that the City has a material weakness, which is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

**Cause:**

The City did not emphasize the importance of maintaining an accurate, up to date general ledger.

**Recommendation:**

The following recommendations should be adhered to, and corresponding corrective action should be taken to the following items pertaining to the City's accounting records:

1. Continuing efforts should be exerted to maintain the general ledger for every fund and to keep it accurate and updated for all events and the data should be complete and carefully recorded in order to facilitate timely preparation of the financial statements.
2. The City should properly maintain a separate Federal and State Grant Fund General Ledger.

City of Hoboken  
County of Hudson, New Jersey

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

**Part II - Schedule of Financial Statement Findings (continued)**

**Finding #05-GAS-2:**

**Criteria or Specific Requirement:**

Every public entity accounting system has its foundation in the annual budget. The budget system is an integral part of the accounting system of a municipality and is used to control and monitor expenditures made against duly and legally made appropriations. Additionally, budget revenue sources should be similarly controlled and monitored. Grants are required to be included in the budget prior to the related grant expenditures being made.

**Condition:**

The deferred charges, as listed below, are shown on the City's Current Fund balance sheet as of June 30, 2005. All deferred charges are required to be raised in the City's fiscal 2006 budget. Certain deferred charges occurred as a result of the City not liquidating interfunds at the end of the year, improperly transferring certain appropriations that were raised by emergency authorization and improperly charging certain invoices to the incorrect fiscal year. (*Reportable Condition*)

Overexpenditure of appropriations	\$160,963
Deficit in operations	1,282,504
Overexpenditure of appropriation reserves	16,096
Special emergency authorization	140,000
Emergency authorization	750,000
	<u>\$2,349,563</u>

**Questioned Costs:**

None

**Context:**

Not applicable

City of Hoboken  
County of Hudson, New Jersey

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

**Part II - Schedule of Financial Statement Findings (continued)**

**Effect:**

The Division expressed its concerns regarding the City's overexpenditures and related deferred charges in prior years, and put the City on notice to rectify its lack of budgetary controls, and noncompliance with the Local Budget Law.

**Cause:**

The City did not make sufficient appropriations to cover fiscal year expenditures. Additionally, the City did not liquidate interfunds at year-end.

**Recommendation:**

The City should ensure spending is within the limits of the adopted budget. The City should conservatively estimate budgetary needs in order to minimize the number of deferred charges. In addition, the City should liquidate all interfunds at year-end.

## Comments Section

City of Hoboken  
Hudson County, New Jersey

Comments

June 30, 2005

An audit of the financial accounts and transactions of the City of Hoboken, in the County of Hudson, New Jersey (the "City") for the fiscal year ended June 30, 2005, has recently been completed. The results of the audit are herewith set forth.

**Scope of Audit**

The audit covered the financial transactions of the Tax Collector, Treasurer, the activities of the Mayor and Council, and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed.

Cash on hand was counted and balances of cash, cash equivalents and investments were reconciled with independent certifications obtained directly from the depositories.

Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

Our audit was made in accordance with auditing standards generally accepted in the United States and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Therefore, our audit included the procedures noted above as well as tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

**Contracts and Agreements Required to be Advertised, Disqualification of Bidder - N.J.S.A. 40A:11-4**

N.J.S. 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 [40A:11-3], 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 therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

City of Hoboken  
Hudson County, New Jersey

Comments (continued)

If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed \$25,000 within the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the Corporation Counsel's opinion shall be sought before a commitment is made.

The system of records did not provide for an accumulation of payments by categories of materials or supplies, or related work or labor. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$25,000 "for the performance of any work or the furnishing of labor materials and supplies or the hiring of teams or vehicles," other than where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-5.

**Collection of Interest on Delinquent Taxes, Assessments and Utility Charges**

N.J.S. 54:4-67, as amended, 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 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"WHEREAS, N.J.S.A. 54:4-67 authorizes the Governing Body of a Municipality to fix the rate of interest to be charged for non-payment of taxes on or before the date when they would become delinquent, and may provide that no interest shall be charged if payment of any installment is made within the tenth calendar day following the date upon which the same became payable;

City of Hoboken  
Hudson County, New Jersey

Comments (continued)

NOW, THEREFORE, BE IT RESOLVED BY THE MUNICIPAL COUNCIL OF THE CITY OF HOBOKEN that the rate of interest to be charged on delinquent taxes shall be 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500, to be calculated from the date the tax was payable until the date of actual payment.

BE IT FURTHER RESOLVED by the Municipal Council of the City of Hoboken that the taxes shall be considered delinquent if not paid within the tenth calendar day following the date upon which the same became payable.

The Governing Body also adopted the following resolution:

WHEREAS, N.J.S.A. 54:4-67 permits municipalities to charge interest on delinquent taxes in excess of \$10,000, where the taxpayer fails to pay the delinquency prior to the end of the calendar year, at a rate of six percent (6%) of the delinquency; and

WHEREAS, the Tax Collector has recommended the adoption of same as being in the best interest of the City of Hoboken;

NOW, THEREFORE, BE IT RESOLVED BY THE MUNICIPAL COUNCIL OF THE CITY OF HOBOKEN that the Tax Collector is hereby authorized to charge interest of six percent (6%) on any parcel of land with a delinquency in excess of \$10,000 which is not satisfied by the end of the calendar year.

**Tax Sale**

The last tax sale was held on June 16, 2005 and was complete.

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

City of Hoboken  
Hudson County, New Jersey

Comments (continued)

The following comparison is made of the number of tax title liens receivable on June 30, 2005, 2004 and 2003:

<u>Year</u>	<u>Number of Liens</u>
2005	50
2004	51
2003	85

**Comparative Schedule of Tax Rate Information**

	<b>2005</b>	<b>2004</b>	<b>2003</b>
Tax rate	<b>\$3.287</b>	\$3.217	\$3.261
Apportionment of tax rate:			
Municipal	<b>\$0.832</b>	\$0.783	\$0.784
County	<b>1.220</b>	1.226	1.276
Local school	<b>1.211</b>	1.207	1.200
Type I School District	<b>0.024</b>	0.001	0.001
<u>Year</u>	<u>Assessed Valuation</u>		
2005	\$2,581,437,395		
2004	2,341,208,216		
2003	2,229,503,632		

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2005	\$82,598,886	\$82,556,422	99.95%
2004	80,064,039	79,979,859	99.90
2003	77,455,016	77,421,817	99.96

City of Hoboken  
Hudson County, New Jersey

Comments (continued)

**Delinquent Taxes and Tax Title Liens**

This tabulation includes a comparison on June 30, 2005, 2004 and 2003, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<b>Year</b>	<b>Amount of Tax Title Liens</b>	<b>Amount of Delinquent Taxes</b>	<b>Total Delinquent</b>	<b>Percentage of Tax Levy</b>
2005	\$436,939	\$42,469	\$479,408	0.58%
2004	408,855	52,779	461,634	0.58
2003	392,961	2,429	395,390	0.51

**Property Acquired by Tax Title Lien Liquidation**

The value of property acquired by liquidation of tax title liens on June 30, 2005, 2004 and 2003 on the basis of the last assessed valuation of such properties, was as follows:

<b>Year</b>	<b>Amount</b>
2005	\$2,806,900
2004	2,806,900
2003	2,806,900

City of Hoboken  
Hudson County, New Jersey

Comments (continued)

Officials in Office and Surety Bonds

Name	Title	Amount of Bond
David Roberts	Mayor	
Theresa Castellano	Councilwoman – 1 <sup>st</sup> Ward	
Richard Del Boccio	Councilman – 2 <sup>nd</sup> Ward	
Michael Russo	Councilwoman – 3 <sup>rd</sup> Ward	
Chris Campos	Councilman – 4 <sup>th</sup> Ward	
Michael Cricco	Councilman – 5 <sup>th</sup> Ward	
Angelo Giacchi	Councilman – 6 <sup>th</sup> Ward	
Carol Marsh	Councilwoman at Large	
Ruben Ramos, Jr.	Councilman at Large	
Anthony Soares	Councilman at Large	
Richard England	Acting Business Administrator, Director – Department of Administration	*
Cassandra Wilday	Director – Department of Environmental Services	*
Carmelo Garcia	Director – Department of Human Services	*
Fred Bado	Director – Department of Community Development	*
James Farina	Municipal Clerk	*
Louis Picardo	Acting Chief Municipal Financial Officer/Tax Collector	*
Joseph S. Sherman	Corporation Counsel	*
Richard England	Purchasing Agent	*
Sal Bonnacorsi	Tax Assessor	*
Kimberly Glatt	Municipal Judge/Magistrate	**
Roseann Gohde	Municipal Court Director	**

\* City has a blanket public officer bond of \$100,000 for all city employees.

\*\* Municipal Court has a \$270,000 blanket surety bond for all court personnel.

## Comments and Recommendations

City of Hoboken  
Hudson County, New Jersey

Comments and Recommendations

June 30, 2005

**Comment #1: *Structural Deficit***

The City's finances are structurally out-of-balance. A structural deficit occurs when the recurring revenues generated by the City, such as property taxes, fees and permits, municipal court fines, etc., do not meet or exceed the amount required to fund the City's operating expenses. For several years, the City has relied on one-time revenue sources to balance its annual budget. In addition, the City has not had a municipal tax increase in the past ten years. The practice of relying on one-time revenue sources over an extended period is a poor business practice and will only lead to a significant tax increase when a municipality can no longer generate such non-recurring revenue sources.

To eliminate the structural deficit, the City should consider either reducing its operational costs, increasing taxes, or a combination of both. (*Repeat of prior year recommendation #2*)

**Comment #2: *Encumbrance System***

Over the past several years, the City has charged many purchases to the subsequent year's budget. In addition, many purchases were made prior to the funds being encumbered.

As previously reported, the encumbrance system is significantly challenged by material weaknesses in the internal controls over its operation.

The City must ensure that all items are properly encumbered and charged in the proper fiscal year prior to the actual purchase of goods and services. (*Repeat of prior year recommendation #3*)

**Comment #3: *Review of Asset Appraisal Report***

The City hired an appraisal company to prepare a listing of the City's assets as well as appraise each asset's value. Based on our inquiry of the Administration, a formal review of the report received from the appraisal company was not performed. The report was accepted as prepared.

We suggest the City designate an employee to review the appraisal report to ensure the accuracy and completeness of the asset listing. (*Repeat of prior year recommendation #2*)

City of Hoboken  
Hudson County, New Jersey

Comments and Recommendations (continued)

**Comment 4: *Reconciliation of General Ledger to Tax Collector Reports***

A reconciliation between the general ledger tax receivable balances and the Tax Collector's detail of taxes receivable is not performed on a monthly basis. Also, the collections recorded by the Finance Department received from the Tax Collector are all recorded as current year tax collections instead of properly recording the collection by specific type and year.

We suggest a monthly reconciliation be performed between the two departments in order to ensure all transactions are recorded on a timely basis. Also, all collections received by the Finance Department from the Tax Collector should be recorded to the proper general ledger accounts. *(Repeat of prior year recommendation #6)*

**Comment #5: *Interfund Balance***

Interfund receivable and payable balances remain at year end.

The City should minimize interfund activity during the year and liquidate all interfunds at the end of each fiscal year. *(Repeat of prior year recommendation #7)*

**Comment #6: *Journal Entry Postings***

There were numerous instances where journal entries were incorrectly recorded in the general ledger, and then subsequently corrected.

Due to the numerous instances of incorrect journal entries recorded, the City should implement a process of manually preparing journal entries with supporting documentation which would then be reviewed by the Chief Financial Officer prior to recording in the general ledger. *(Repeat of prior year recommendation #9)*

City of Hoboken  
Hudson County, New Jersey

Comments and Recommendations (continued)

**Comment #7: Grant Accounting**

To the extent that the City receives a grant award subsequent to the adoption of its budget, it is required to file a notification of receipt of the award with the Director of the Division of Local Government Services (“Director”) under N.J.S.A. 40A:4-87. Upon review of the notification, the Director will permit the City to amend its budget to utilize the grant funds.

We noted that the City was awarded certain grants subsequent to the adoption of its fiscal year 2005 budget; however it did not file the proper notification with the Director. Consequently, the City was not able to utilize the funding it received until it was anticipated in the subsequent year’s budget.

To the extent the City receives grant awards subsequent to the adoption of the budget, it should file the proper notification with the Director in order to make the grant awards available for use in a timelier manner. *(Repeat of prior year recommendation #10)*

**Comment #8: Grant Accounting**

There were many instances where the grant cash receipt and disbursement activity was recorded in the Current Fund ledger instead of the Grant Fund ledger.

The City should carefully review each check and wire transfer received from the grantor agency and ensure that it is properly recorded in the Grant Fund. It should also ensure cash disbursements related to grant programs are properly recorded in the Grant Fund. *(Repeat of prior year recommendation #11)*

**Comment #9: Recording of Payroll Bank Account Transactions**

The activity for the payroll cash account is not maintained in the general ledger.

A general ledger account should be established for the payroll cash account in order to accurately track the activity from month to month. In addition, the ending balance in the general ledger should be reconciled to the related bank account. *(Repeat of prior year recommendation #13)*

City of Hoboken  
Hudson County, New Jersey

Comments and Recommendations (continued)

**Comment #10: *Current and Trust Fund Reserves***

The following reserves for expenditures were established in the Current Fund and Trust Fund without corresponding riders in accordance with N.J.S.A. 40A:4-39:

**Trust Fund**

Affordable Housing (Wanaque)  
Amount due to outside lien holders  
Division of Cultural Affairs  
Girl's softball  
Miscellaneous deposits  
Municipal Superiors Association  
NJ Unemployment  
North Haledon RCA  
Police Athletic League  
Police Department Investigative  
Police Department Memorial Fund  
Recreation-Basketball  
Shade Tree Commission  
Tax Sale Premiums  
Umpires Fees  
Workers' compensation insurance

**Current Fund**

Due to Third Party Lienholders  
911 Relief Fund

Spending reserves should be consolidated into the Trust Fund and established by riders.  
*(Repeat of prior year recommendation #16)*

**Comment #11: *Section 8 – Housing Assistance Program***

As the administrator of the Section 8 Program, the City is required to perform inspections of the HUD-subsidized units to identify deficiencies in the unit's physical condition. These inspections were performed, however the inspection reports for Elaires Corp. (Uplift) and Elysian are maintained at the respective sites and not at the City.

As the City is ultimately responsible for the documentation related to the inspections, the inspection reports should be maintained at the City. *(Repeat of prior year recommendation #24)*

City of Hoboken  
Hudson County, New Jersey

Comments and Recommendations (continued)

**Comment #12: *Grants Management- Lack of Formal Procedures***

There is no formal process in place for the Grants Management Department to report grant activity to the Administrator and Finance Division. We also noted that the Grants Management Department does not maintain a centralized file of all grant agreements.

We suggest the City perform a Business Process Improvement Review of the Grants Management Department to identify the current practices and develop procedures to enhance the controls over reporting and compliance monitoring.

In addition, the City should prepare a detailed policies and procedures grants manual. This document should describe the necessary steps to record all grant activity, maintenance of grant documents and reporting of grant application activity to the Administrator as well as Department Heads that are responsible for compliance with the respective grant.

Reporting to the Administrator and respective Department Heads should include, but not limited to:

- status and activity of all awarded grants on a monthly basis
- all outstanding grant applications as well as new grant awards
- any prospective grant applications
- compliance with both State and Federal compliance requirements including the proper monitoring and oversight necessary or documentation as to who is responsible for oversight
- any supplemental awards or amendments
- all communication with the Department that has received the grant including an understanding use of the funds, time period and compliance requirements

*(Repeat of prior year recommendation #26)*

Summary of Audit Report for Publication  
Summary of 2005 Audit Report for the City of Hoboken  
of Hudson County, New Jersey as Required by N.J.S. 40A:5-7

Recommendations

June 30, 2005

We suggest the following:

- The City maintains a structural deficit and should consider either reducing its operational costs, increasing taxes, or a combination of both.
- The City must ensure that all items are properly encumbered and charged in the proper fiscal year prior to the actual purchase of goods and services.
- The City should properly maintain the general ledger for every fund and to keep it accurate and up-to-date for all events. In addition, the data should be complete and carefully recorded in order to facilitate timely preparation of the financial statements.
- The City should properly maintain a separate Federal and State Grant Fund General Ledger.
- The City should establish and maintain a “General Fixed Assets Account Group” which records the value of fixed assets at original or estimated historical cost.
- The City should designate an employee to review the fixed asset appraisal report to ensure the accuracy and completeness of the asset listing.
- The City should ensure spending is within the limits of the adopted budget. The City should conservatively estimate budgetary needs in order to minimize the number of deferred charges. In addition, the City should liquidate all interfunds at year-end.
- The City should perform a monthly reconciliation between the general ledger tax receivable balances and the Tax Collector’s detail of taxes receivable in order to ensure all transaction are recorded on a timely basis. Also, all collections received by the Finance Department from the Tax Collector should be recorded to the proper general ledger accounts.
- The City should minimize interfund activity during the year and liquidate all interfunds at the end of each fiscal year.

- The City should implement a process of manually preparing journal entries with supporting documentation which would then be reviewed by the Chief Financial Officer prior to recording in the general ledger.
- The City should file the proper notification with the Director of the Division of Local Government Services to the extent they receive grant awards subsequent to the adoption of the budget in order to make the grant awards available for use in a timelier manner.
- The City should carefully review each check and wire transfer received from a grantor agency to ensure that it is properly recorded in the Grant Fund. It should also ensure cash disbursements related to grant programs are properly recorded in the Grant Fund.
- The City should establish a general ledger account for the payroll cash account in order to accurately track the activity from month to month. In addition, the ending balance in the general ledger should be reconciled to the related bank account.
- Spending reserves should be consolidated into the Trust Fund and established by riders.
- As the administrator of the Section 8 Program, the City is ultimately responsible for the documentation related to inspections of the HUD-subsidized units, the inspection reports should be maintained at the City.
- The City should prepare a detailed policies and procedures grants manual. This document should describe the necessary steps to record all grant activity, maintenance of grant documents and reporting of grant application activity to the Administrator as well as Department Heads that are responsible for compliance with the respective grant.

The above summary was prepared from the report of audit of the City of Hoboken, County of Hudson for the year ended June 30, 2005. This report of audit, submitted by Randy Nelson, Registered Municipal Accountant, representing Ernst & Young, is on file at the City Clerk's Office and may be inspected by any interested person.

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James Farina  
City of Hoboken Clerk

SUMMARY OF SYNOPSIS OF AUDIT REPORT FOR PUBLICATION

Summary of synopsis of 2005 audit report of the City of Hoboken as  
required by N.J.S. 40A:5-7

Combined Comparative Balance Sheets

	June 30	
	2005	2004
Assets		
Cash and investments	\$ 15,420,932	\$ 16,116,304
Taxes and liens receivable	479,408	461,634
Property acquired for taxes - assessed value	2,806,900	2,806,900
Other receivables	72,739	208,825
Mortgage receivable	935,429	993,429
Grants receivable	2,655,843	2,771,504
Loans receivable	4,604,890	4,604,890
Fixed Capital	42,637,288	42,472,288
Deferred charges	3,309,292	7,592,622
Deferred charges-expenditure without authorization	872,685	29,680
Deferred charges to future taxation-funded	50,474,969	51,163,338
Deferred charges to future taxation-unfunded	6,894,503	6,894,503
Total assets	<u>\$ 131,164,878</u>	<u>\$ 136,115,917</u>
Liabilities, reserves and fund balance		
Promissory note payable-HCIA	\$ 935,429	\$ 993,429
Improvement authorizations	1,942,165	4,935,241
Bonds and notes payable	-	14,000
Bond anticipation notes payable	11,535,000	11,535,000
General serial bonds	72,847,442	74,232,442
Loans payable	2,427,527	2,596,896
Other liabilities and special funds	5,602,722	3,605,179
Reserve for encumbrances	794,091	4,293,778
Various reserves	448,779	528,608
Appropriated reserves-Federal & State Grant	1,973,356	1,581,707
Reserve for amortization	12,557,288	11,677,288
Reserve for certain assets & receivables	15,842,523	14,663,793
Fund balance	4,258,556	5,458,556
Total liabilities, deferred revenues, reserves, and fund balance	<u>\$ 131,164,878</u>	<u>\$ 136,115,917</u>