

CITY OF HOBOKEN

**Financial Statements With
Supplementary Information**

June 30, 2008

(With Independent Auditors' Reports Thereon)

CITY OF HOBOKEN

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying regulatory-basis financial statements of the City of Hoboken (the "City"), County of Hudson, New Jersey as of June 30, 2008 and for the year ended June 30, 2008, as 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 audit. The statutory-basis financial statements of the City as of and for the year ended June 30, 2007 were audited by other auditors whose report thereon dated December 7, 2007, expressed an unqualified opinion on those statements in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Except as discussed below, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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



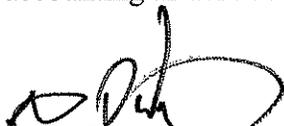
Honorable Mayor and
Members of the City Council
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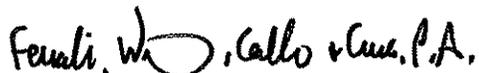
In our opinion, because of the City of Hoboken's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Hoboken, New Jersey as of June 30, 2008 and 2007 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the City of Hoboken, New Jersey at June 30, 2008 and 2007, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended June 30, 2008, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2009 on our consideration of the City of Hoboken's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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


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


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

January 27, 2009



CITY OF HOBOKEN, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

June 30, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Current Fund:			
Current Assets:			
Cash - Operating Accounts	A-4	\$ 5,197,406	21,525,522
Cash - Change Fund	A-5	750	750
		<u>5,198,156</u>	<u>21,526,272</u>
Due from State of New Jersey per Ch. 129, P.L. 1976	A-6	44,549	57,700
		<u>44,549</u>	<u>57,700</u>
		<u>5,242,705</u>	<u>21,583,972</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-7	26,603,296	2,082
Tax Title Liens	A-8	489,143	469,752
Property Acquired for Taxes - Assessed Valuation	A-9	2,806,900	2,806,900
Mortgage Receivable	A-10	639,065	766,571
Water Liens	A-11	46,254	44,306
Revenue Accounts Receivable	A-12	290,738	145,309
Interfunds Receivable	A-19	103,005	364,741
		<u>30,978,401</u>	<u>4,599,661</u>
Deferred Charges	A-13	35,821,822	2,533,920
		<u>35,821,822</u>	<u>2,533,920</u>
		<u>72,042,928</u>	<u>28,717,553</u>
Federal and State Grant Fund:			
Cash - Operating Accounts	A-4	5,016,979	2,321,069
Grants Receivable	A-14	1,962,338	1,190,250
Interfunds Receivable	A-27	2,210,406	1,132,596
Urban Development Action Grant Receivable	A-24		2,650,000
		<u>9,189,723</u>	<u>7,293,915</u>
		<u>\$ 81,232,651</u>	<u>36,011,468</u>

CITY OF HOBOKEN, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

June 30, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Liabilities, Reserves and Fund Balance			
Current Fund:			
Appropriation Reserves:			
Encumbered	A-3/A-15 \$	784,198	539,996
Unencumbered	A-3/A-15	996,721	550,656
Promissory Note Payable - HICA	A-16	639,065	766,571
Tax Anticipation Notes Payable	A-17	33,000,000	17,000,000
Tax Overpayment	A-18	530,462	1,039,371
Interfunds Payable	A-19	1,759,406	106,442
Prepaid Taxes	A-22		152,039
Various Reserves	A-23	<u>761,809</u>	<u>369,951</u>
		38,471,661	20,525,026
Reserve for Receivables	Contra	30,978,401	4,599,661
Fund Balance	A-1	<u>2,592,866</u>	<u>3,592,866</u>
		<u>72,042,928</u>	<u>28,717,553</u>
Federal and State Grant Fund			
Unappropriated Reserve for Grants	A-26	315,292	633,584
Interfunds Payable	A-27		323,551
Reserve for Grant Encumbrances	A-28	138,348	177,414
Reserve for Grant Expenditures	A-28	8,728,371	3,509,366
Reserve for Urban Development Action Grant	A-24		2,650,000
Municipal Alliance Grant	A-25	<u>7,712</u>	
		<u>9,189,723</u>	<u>7,293,915</u>
		<u>\$ 81,232,651</u>	<u>36,011,468</u>

See accompanying notes to financial statements.

CITY OF HOBOKEN, N.J.

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

Current Fund

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues and Other Income:		
Fund Balance Utilized	1,000,000	2,000,000
Miscellaneous Revenue Anticipated	54,496,609	46,170,112
Receipts from Delinquent Taxes	17,556	5,829
Receipts from Current Taxes	80,133,482	100,330,854
Non-Budget Revenue	2,292,843	802,970
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	122,859	448,615
Unexpended Balance of Appropriations		13,694
Prior Year Interfunds Returned	1,541,190	
Other Credits to Income	98,098	
Prior Year Reserve for Receivables Canceled	2,971	
Adjustment to Cash at June 30, 2006		25,893
Canceled Prior Year Grants Expended Prior Year		926,394
Canceled Tax Overpayments		1,070,475
	<u>139,705,608</u>	<u>151,794,836</u>
Total Revenues and Other Income		
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	41,416,499	38,318,545
Other Expenses	50,184,116	34,005,992
Capital Improvement Fund	272,000	100,000
Municipal Debt Service	7,544,898	5,466,241
Statutory Expenditures and Deferred Charges	3,583,920	1,514,365
Reserve for Uncollected Taxes		155,336
	<u>103,001,433</u>	<u>79,560,479</u>
Local District School Tax	34,700,000	33,450,000
County Taxes	35,526,744	35,088,113
Added Assessments Anticipated as Revenue	1,727,692	
Appropriation Difference (Net)		564
Interfund Advances	407,739	323,551
Prior Year Tax Returned Checks Voided		10,098
Prior Year Seniors Disallowed		4,480
Reinstatement of Grants Canceled Prior Year		756,170
Reinstatement of O&M Trust Fund Canceled Prior Year		1,232,354
Reinstatement of Fire Department Hazmat Trust		223,045
Tax Appeal Judgements	163,822	25,314
	<u>175,527,430</u>	<u>150,674,168</u>
Total Expenditures		
Excess (Deficit) Revenue Over Expenditures	(35,821,822)	1,120,668
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which Are By Statute Deferred		
Charges to Budget of Succeeding Year:		
Overexpenditure of Appropriations	11,385,697	617,702
Emergency Authorizations		1,275,000
	<u>11,385,697</u>	<u>1,892,702</u>
Statutory Excess to Fund Balance		3,013,370
Deficit in Operations to be Raised in Budget of Succeeding Year	<u>(24,436,125)</u>	
Fund Balance, July 1,	<u>3,592,866</u>	<u>2,579,496</u>
	3,592,866	5,592,866
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>1,000,000</u>	<u>2,000,000</u>
Fund Balance, June 30,	<u>2,592,866</u>	<u>3,592,866</u>

See accompanying notes to the financial statements.

CITY OF HOBOKEN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 1,000,000	1,000,000	
Miscellaneous Revenues:			
Licenses and Fees:			
Alcoholic Beverages	264,400	271,900	7,500
Other	167,764	178,467	10,703
Fees and Permits	265,200	280,638	15,438
Zoning Board of Adjustment Fees	147,000	147,901	901
Planning Board Fees	31,100	47,350	16,250
Rent Leveling Fees	42,700	35,078	(7,622)
Fines and Costs:			
Municipal Court	3,780,000	3,836,852	56,852
Other Fines and Costs			
Parking Tax	846,000	1,075,864	229,864
Interest and Costs on Taxes	320,000	84,711	(235,289)
Interest on Investments and Deposits	1,000,000	719,028	(280,972)
Riverview Cablevision Associates	195,654	195,654	
Rents on City Owned Property	261,000	233,799	(27,201)
Crosstown Bus Line	9,100	17,236	8,136
SJP Properties - Block A-Phase I	936,000	1,071,984	135,984
SJP Properties - Block A-Phase II	936,000	1,071,984	135,984
SJP Properties/Applied - Block B	252,970	226,800	(26,170)
Applied Development Co. - South Waterfront - Block C	1,235,000	1,235,072	72
St. Mary's Hospital PILOT	20,000	20,000	
1300 Grand Street (Pilot Payment)	683,200	739,078	55,878
Anticipated Parking Utility Operating Surplus	6,167,600	6,167,000	(600)
Grogan Marineview Plaza	622,700	633,338	10,638
Clocktowers	120,000	127,208	7,208
Marion Towers Associates	183,500	175,190	(8,310)
Church Towers Urban Renewal	463,000	463,404	404
Columbian Towers	114,500	106,611	(7,889)
Columbian Arms	27,464	39,055	11,591
Hudson Square North	108,000	119,236	11,236
Willow Avenue Associates - 800 - 812 Willow Avenue	74,478	117,545	43,067
1200 Grand Street	897,800	1,138,476	240,676
Applied Housing - 1203-1219 Willow Avenue	240,300	250,403	10,103
Applied Housing - 1201-1221 Washington Estates	389,000	394,436	5,436
Applied Housing - 1200-1220 Hudson Estates	360,400	409,022	48,622
Applied Housing - 1301-1309 Bloomfield Estates	143,000	141,889	(1,111)
Applied Housing - Midway 500-508 Adams Street	201,100	229,051	27,951
Applied Housing - Elysian Estates	47,100	75,351	28,251
Applied Housing - Church Square	104,700	117,723	13,023
Applied Housing - Eastview Associates	114,200	123,392	9,192
Applied Housing - Westview Associates	192,700	209,216	16,516
Applied Housing - Northvale I - 911-923 Clinton Street	361,700	376,495	14,795
Applied Housing - Northvale II - 901-919 Clinton Street	339,400	348,922	9,522
Applied Housing - Northvale IIIA	47,900	82,751	34,851
Applied Housing - Northvale III B - 1106-1014 Clinton Street	41,800	79,414	37,614
Applied Housing - Northvale IV - 58 11th Street	14,400	16,430	2,030
Hudson Square North-Mortgage Receivable	55,754		(55,754)
Consolidated Municipal Property Tax Relief Aid	13,140,833	13,140,833	
Legislative Initiative Municipal Block Grant	151,261	151,261	
Energy Receipts Tax	2,289,241	2,289,241	

CITY OF HOBOKEN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Extraordinary Aid (N.J.S.A. 52:27D-118.35)	140,000	140,000	
Homeland Security Assistance Aid	309,753	309,753	
Uniform Construction Code Fees	1,288,021	758,124	(529,897)
Hoboken Housing Authority - Public Safety	540,000		(540,000)
Public Health Priority Funding	5,509	5,509	
Home Support & Adult Day Care Comprehensive Program for the Elder	276,707	276,707	
Summer Food Service Program	38,165	38,165	
Community Development Block Grant - Administrative Costs-Offset Gr	80,000	80,000	
Safe Passage to Schools	100,000	100,000	
State Local Cooperative Housing Inspection Program-Offset to Housing	79,000	79,000	
Multi-Service Center Roof Replacement	150,000	150,000	
Child Care Services	150,000	150,000	
Family Planning Services	20,000	20,000	
United Cerebral Palsy	2,000	2,000	
Fire Department - Exhaust System	36,000	36,000	
City Recreation Program	10,000	10,000	
Recycling Tonnage	136,132	136,132	
Click it or Ticket	4,000	4,000	
Public Library - Computer Replacement	5,300	5,300	
Body Armor Replacement Fund	17,039	17,039	
Alcohol Education & Rehabilitation	18,224	18,224	
Cops in School	22,800	22,800	
Body Armor Replacement	9,928	9,928	
State Forestry Green Community Grant	2,000	2,000	
Adult Day Care	10,861	10,861	
Domestic Violence Grant	5,000	5,000	
Drunk Driving Enforcement Grant	5,142	5,142	
Downtown Revitalization Program	125,555	125,555	
Public Healthcare Management Caregivers	99,382	99,382	
Summer Food Program	16,739	16,739	
Walk Safe Hoboken/Pedestrian	2,000	2,000	
Computer Program for the Elderly - DYFS	40,000	40,000	
Clean Communities- Offset to Sanitation S & W	41,756	41,756	
12th Street Project 2000/Clinton Street	18,497	18,497	
2005 Roadway Improvement Project	114,926	114,926	
State Aid Highway - Hudson Place - 2003	32,585	32,585	
State Aid Highway - Signage Phase I - 2004	19,144	19,144	
State Aid Highway - Safe Street School District	12,551	12,551	
Fire Department Grant (Duplicate of Fire Dept. Exhaust Grant Sheet 9)	36,000	36,000	
Clean Communities Grant - 2008	38,699	38,699	
1600 Park Avenue Development	300,000	300,000	
Smart Growth Planning	60,000	60,000	
Municipal Alliance (County Share)	56,134	56,134	
Municipal Alliance (City Share)- Not a revenue	14,034	14,034	
JAG 2007	19,120	19,120	
Senior Emergency Funds	4,531	4,531	
Over Limit/Under Arrest	5,000	5,000	
2008 Ped Safety/Walk Safe	20,000	20,000	
1600 Park Avenue Acquisition	2,300,000	2,300,000	
1600 Park Avenue Land & Water	1,513,240	1,513,420	180
Uniform Fire Safety Act	74,584	42,087	(32,497)
Capital Surplus	127,000	127,000	
Added Assessments	1,700,000		(1,700,000)

CITY OF HOBOKEN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Reserve, Outside-Duty Police Administration	140,000	140,000	
Sinatra Park Concession	35,000	20,424	(14,576)
Sale of Municipal Garage	2,100,000	1,480,044	(619,956)
Sale of Taxi Licenses	2,180,000	2,180,000	
Interfund Receivable	323,551	323,550	(1)
1100 Adams Street (Pilot Payment)	1,000,000	803,986	(196,014)
1100 Grand Street (Pilot Payment)	105,500		(105,500)
UDAG Funds - CD - Planning	2,650,000	2,650,000	
1001 Madison Street (Pilot Payment)	490,000	435,472	(54,528)
	<u>57,684,028</u>	<u>54,496,609</u>	<u>(3,187,419)</u>
Total Miscellaneous Revenues			
Receipts from Delinquent Taxes		<u>17,556</u>	<u>17,556</u>
	<u>58,684,028</u>	<u>55,514,165</u>	<u>(3,169,863)</u>
Subtotal General Revenues			
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>33,984,699</u>	<u>8,542,696</u>	<u>(25,442,003)</u>
Budget Totals	92,668,727	64,056,861	(28,611,866)
Non-Budget Revenue		<u>2,292,843</u>	<u>2,292,843</u>
	<u>\$ 92,668,727</u>	<u>66,349,704</u>	<u>(26,319,023)</u>

CITY OF HOBOKEN, N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended June 30, 2008

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 80,133,482
Allocated to County of Hudson	\$ 37,254,437
Local School District	<u>34,700,000</u>
	<u>71,954,437</u>
Balance for Support of Municipal Budget Appropriations	8,179,045
Add : Appropriation - Reserve for Uncollected Taxes	<u>363,648</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 8,542,693</u>
Receipts from Delinquent Taxes:	
Delinquent Taxes	2,082
Tax Title Liens	<u>15,474</u>
	<u>\$ 17,556</u>

Analysis of Non-budget Revenues

Miscellaneous Revenue Not Anticipated

United Water Concession	\$ 168,000
Non-Budget PILOT - LOC Properties/Applied Block B	244,967
Non-Budget PILOT - 1118 Adams St	65,796
PILOT Interest	56,995
Non-Budget PILOT - SID Central Ave	29,985
Port Authority 911	7,639
Miscellaneous	147,174
COPS Loan Municipal Garage	1,480,044
Public Safety Police	14,799
Hoboken Historic	1,400
Tax Searches	1,290
Variances - Tax Office	25,832
Duplicate Bills	4,775
Lien Calculation Fees	4,305
6% Penalty	1,078
Duplicate Tax Sale Certificate	4,505
Dean Witter	126
Restitution Payment	33,838
Handicap Renewal	<u>295</u>
	<u>\$ 2,292,843</u>

See accompanying notes to the financial statements.

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	2008 <u>Budget</u>	Budget after Modification and Transfer	Paid or Charged	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>	<u>Overexpenditures</u>
General Government:						
Mayor and Council						
Salaries and Wages	221,400	221,400	221,258	142		
Other Expenses	14,500	14,500	14,125	375		
City Council						
Salaries and Wages	212,000	212,000	216,413			4,413
Other Expenses	9,500	9,500	11,826			2,326
Office of the Clerk						
Salaries and Wages	469,500	469,500	474,584			5,084
Other Expenses	6,000	6,000	44	5,956		
Other Expenses - Legal Advertising	33,000	33,000	44,710			11,710
Other Expenses - Codification of Ordinances	7,500	7,500	15,196			7,696
Salaries and Wages - Elections	22,500	22,500	31,297			8,797
Other Expenses - Elections	114,143	114,143	150,836			36,693
Department of Administration						
Business Administrator's Office						
Salaries and Wages	396,200	396,200	373,655	22,545		
Other Expenses	9,500	9,500	14,236			4,736
Purchasing						
Salaries and Wages	133,500	133,500	137,414			3,914
Other Expenses	5,000	5,000	4,981	19		

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	<u>2008</u> <u>Budget</u>	<u>Budget after</u> <u>Modification</u> <u>and Transfer</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Unexpended</u> <u>Balance</u> <u>Canceled</u>	<u>Overexpenditures</u>
Licensing Bureau						
Salaries and Wages	10,100	10,100	10,036	64		
Other Expenses	4,500	4,500	2,539	1,961		
Personnel and Health Benefits						
Salaries and Wages	232,000	232,000	224,711	7,289		
Other Expenses	2,000	2,000	1,874	126		
Constituent Services						
Salaries and Wages	188,000	188,000	181,383	6,617		
Other Expenses	2,000	2,000	1,217	783		
Zoning and Administration						
Salaries and Wages	79,500	79,500	68,010	11,490		
Other Expenses	2,800	2,800	2,358	442		
Uniform Construction Code						
Salaries and Wages	675,000	675,000	668,815	6,185		
Other Expenses	620,021	620,021	529,017	91,004		
Corporation Council						
Salaries and Wages	417,600	417,600	418,544			944
Other Expenses	18,000	18,000	19,222			1,222
Other Expenses - Special Council	744,000	744,000	755,017			11,017
Other Expenses - Expert Witness & Appraisal	5,000	5,000	2,000	3,000		
Revenue and Finance Director						
Salaries	116,600	116,600	116,562	38		
Other Expenses	397,500	397,500	396,919	581		

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	2008 <u>Budget</u>	Budget after Modification and Transfer	Paid or Charged	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>	<u>Overexpenditures</u>
Annual Audit						
Other Expenses	97,500	97,500	97,500			
Accounts and Control						
Salaries and Wages	80,800	80,800	80,776	24		
Other Expenses	1,500	1,500	1,877			377
Payroll						
Salaries and Wages	96,000	96,000	98,359			2,359
Other Expenses	500	500	430	70		
Tax Collections						
Salaries and Wages	318,000	318,000	309,623	8,377		
Other Expenses	40,000	40,000	49,013			9,013
Information Technology						
Salaries and Wages	113,500	113,500	120,229			6,729
Other Expenses	8,900	8,900	9,632			732
Municipal Court						
Salaries and Wages	966,900	966,900	974,728			7,828
Other Expenses	95,000	95,000	111,961			16,961
Public Defender						
Salaries and Wages	65,300	65,300	65,265	35		
Other Expenses	2,000	2,000	3,700			1,700
Office of the Tax Assessor						
Salaries and Wages	343,000	343,000	342,941	59		
Other Expenses	28,500	28,500	28,420	80		
Department of Human Services						
Director's Office						
Salaries and Wages	170,500	170,500	170,759			259
Other Expenses	2,500	2,500	3,326			826

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	2008 <u>Budget</u>	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled	Overexpenditures
Rent Leveling						
Salaries and Wages	227,000	227,000	214,257	12,743		
Other Expenses	60,000	60,000	58,946	1,054		
Housing Inspections						
Salaries and Wages	76,400	76,400	74,452	1,948		
Other Expenses	750	750	480	270		
Transportation						
Salaries and Wages	260,000	260,000	261,276			1,276
Other Expenses	3,500	3,500	1,235	2,265		
Health						
Salaries and Wages	545,000	545,000	520,995	24,005		
Other Expenses	106,000	106,000	143,441			37,441
Senior Citizens						
Salaries and Wages	196,075	196,075	290,372			94,297
Other Expenses	22,000	22,000	20,699	1,301		
Hispanic and Minority Affairs						
Salaries and Wages						
Other Expenses	2,000	2,000	998	1,002		
Recreation and Cultural Affairs						
Salaries and Wages	690,000	690,000	688,782	1,218		
Other Expenses	355,000	355,000	374,371			19,371
Department of Environmental Services						
Director's Office						
Salaries and Wages	541,800	541,800	557,950			16,150
Other Expenses	2,750	2,750	2,737	13		

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	<u>2008 Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>	<u>Overexpenditures</u>
Parks						
Salaries and Wages	805,400	805,400	768,295	37,105		
Other Expenses	155,000	155,000	155,281			281
Public Property						
Salaries and Wages	796,700	796,700	775,057	21,643		
Other Expenses	175,000	175,000	211,437			36,437
Streets and Roads						
Other Expenses	55,000	55,000	66,694			11,694
Central Garage						
Salaries and Wages	223,300	223,300	230,000			6,700
Other Expenses	240,000	240,000	296,443			56,443
Sanitation						
Salaries and Wages	1,733,868	1,733,868	1,929,075			195,207
Other Expenses	2,900,000	2,900,000	3,577,044			677,044
Department of Community Development						
Director's Office						
Salaries and Wages	162,400	162,400	162,500			100
Other Expenses	120,000	120,000	231,471			111,471
Grants Management						
Salaries and Wages	129,500	129,500	129,456	44		
Other Expenses	1,000	1,000	773	227		
Waterfront Development						
Other Expenses	50,000	50,000	48,542	1,458		
Planning Board						
Salaries and Wages	130,000	130,000	122,800	7,200		
Other Expenses	160,000	160,000	190,772			30,772

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	2008 <u>Budget</u>	Budget after Modification and Transfer	Paid or Charged	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>	<u>Overexpenditures</u>
Zoning Board of Adjustment						
Other Expenses	110,000	110,000	130,886			20,886
Historical Preservation Committee						
Other Expenses	600	600	507	93		
Department of Public Safety						
Police						
Salaries and Wages	15,108,850	15,108,850	17,036,327			1,927,477
Other Expenses	550,000	550,000	530,250	19,750		
Acquisition of Vehicles	12,000	12,000		12,000		
Fire						
Salaries and Wages	13,125,000	13,125,000	13,107,707	17,293		
Other Expenses	225,000	225,000	285,272			60,272
Uniform Fire Safety Act						
Salaries and Wages	74,584	74,584	74,584			
Office of Emergency Management						
Salaries and Wages	143,300	143,300	143,786			486
Other Expenses	500	500	922			422
Insurance						
General Liability	920,000	920,000	901,452	18,548		
Worker's Compensation	640,000	640,000	712,027			72,027
Employee Group Health	10,297,000	10,297,000	17,350,670			7,053,670
UNCLASSIFIED:						
Alcoholic Beverage Control Board						
Salaries and Wages	24,800	24,800	24,778	22		
Other Expenses	2,500	2,500	741	1,759		
Volunteer Ambulance						
Other Expenses	40,000	40,000	40,000			

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	2008 <u>Budget</u>	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled	Overexpenditures
North Hudson Regional Council of Mayors						
Other Expenses	56,693	56,693	56,693			
Settlement of Claims Against the City	62,500	62,500	65,500			3,000
Towing/Storage of Abandoned Vehicles	5,000	5,000	6,250			1,250
Engineering	75,000	75,000	60,499	14,501		
Municipal Dues and Memberships	3,000	3,000	2,496	504		
Celebration of Public Events	10,000	10,000	9,940	60		
Postage	121,600	121,600	114,308	7,292		
Office Machines	40,000	40,000	16,185	23,815		
Stationary and Office Supplies	10,000	10,000	10,076			76
Utilities:						
Electricity	475,000	475,000	587,284			112,284
Street Lighting	525,000	525,000	746,105			221,105
Gasoline	310,000	310,000	380,380			70,380
Fuel	30,000	30,000	28,760	1,240		
Water and Sewer	3,500	3,500	2,488	1,012		
Communications	240,000	240,000	312,659			72,659
Telecommunications Equipment	7,500	7,500	2,344	5,156		
Salary Adjustments	3,200,000	3,200,000	3,199,881	119		
Master Plan	15,000	15,000		15,000		
Total Operations within "CAPS"	<u>64,988,634</u>	<u>64,988,634</u>	<u>75,625,726</u>	<u>418,922</u>		<u>11,056,014</u>
Total Operations Including Contingent-within "CAPS"	<u>64,988,634</u>	<u>64,988,634</u>	<u>75,625,726</u>	<u>418,922</u>		<u>11,056,014</u>
Detail:						
Salaries & Wages	40,321,877	40,321,877	42,417,811	186,086		2,282,020
Other Expenses (Including Contingent)	24,666,757	24,666,757	33,207,915	232,836		8,773,994
Total:	<u>64,988,634</u>	<u>64,988,634</u>	<u>75,625,726</u>	<u>418,922</u>		<u>11,056,014</u>

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	2008 <u>Budget</u>	Budget after Modification and Transfer	Paid or Charged	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>	<u>Overexpenditures</u>
(E) Deferred Charges and Statutory Expenditures-						
Municipal within "CAPS"						
Deferred Charges						
Overexpenditure of Accounts Payable	36,621	36,621	36,621			
Deficit in Operations - 2008	604,597	604,597	604,597			
Overexpenditure of Appropriations	617,702	617,702	617,702			
STATUTORY EXPENDITURES:						
Contribution to:						
Social Security System (O.A.S.I.)	995,000	995,000	1,249,536			254,536
Consolidated Police and Firemen's Pension Fund						
Unemployment Compensation Insurance	55,000	55,000	62,275			7,275
	<u>2,308,920</u>	<u>2,308,920</u>	<u>2,570,731</u>			<u>261,811</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>67,297,554</u>	<u>67,297,554</u>	<u>78,196,457</u>	<u>418,922</u>		<u>11,317,825</u>
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library(P.L. 1985 Ch. 22)						
Salaries and Wages	2,777,000	2,777,000	2,768,650	8,350		
Insurance						
Police and Firemen's Retirement System of NJ	5,666,146	5,666,146	5,637,846	28,300		
Public Employees' Retirement System	730,814	730,814	729,665	1,149		
Interlocal Municipal Service Agreements						
Police Salaries and Wages	540,000	540,000		540,000		
	<u>9,713,960</u>	<u>9,713,960</u>	<u>9,136,161</u>	<u>577,799</u>		
Total Other Operations - Excluded from "CAPS"	<u>9,713,960</u>	<u>9,713,960</u>	<u>9,136,161</u>	<u>577,799</u>		

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	2008 <u>Budget</u>	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled	<u>Overexpenditures</u>
Uniform Construction Code						
Appropriations Offse by Increased						
Fee Revenues (N.J.A.C. 5:23-4:17)						
Elevator Inspections						
Home Support & Adult Care	127,787	127,787	127,787			
Matchiung Funds for Grant - Projected	20,000	20,000	20,000			
Total Uniform Construction Code Appropriations	<u>147,787</u>	<u>147,787</u>	<u>147,787</u>			
Public and Private Programs Offset by Revenues						
Public Health Priority Funding						
Salaries and Wages	5,509	5,509	5,509			
Home Support and Adult Day Care						
State Share	66,482	66,482	66,482			
County Share	210,225	210,225	210,225			
Summer Food Service	38,165	38,165	38,165			
Community Development Block Grant - Admin Costs						
Salaries and Wages	80,000	80,000	80,000			
Safe Passage to Schools	100,000	100,000	100,000			
State Local Cooperative Housing Inspection Program						
Salaries and Wages	79,000	79,000	79,000			
Multi Service Center Roof Replacement	150,000	150,000	150,000			
Child Care Sevices	150,000	150,000	150,000			
Family Planning Services	20,000	20,000	20,000			
United Cerebral Palsy	2,000	2,000	2,000			
Fire Department - Exhaust System	36,000	36,000	36,000			
City Recreation Program	10,000	10,000	10,000			
Recycling Tonnage						
Salaries and Wages	136,132	136,132	136,132			

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	2008 <u>Budget</u>	Budget after Modification and Transfer	Paid or Charged	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>	<u>Overexpenditures</u>
Click it or Ticket	4,000	4,000	4,000			
Library - Computer Replacement	5,300	5,300	5,300			
Body Armor Replacement Fund	17,039	17,039	17,039			
Alcohol Education and Rehabilitation	18,224	18,224	18,224			
Cops in School	22,800	22,800	22,800			
Body Armor Replacement	9,928	9,928	9,928			
State Forestry Green Community Grant	2,000	2,000	2,000			
Adult Day Care	10,861	10,861	10,861			
Domestic Violence Grant	5,000	5,000	5,000			
Drunk Driving Enforcement Grant	5,142	5,142	5,142			
Drunktown Revitalization Program	125,555	125,555	125,555			
Public Healthcare Management Caregivers	99,382	99,382	99,382			
Summer Food Program	16,739	16,739	16,739			
Walk Safe Hoboken Pedestrians	2,000	2,000	2,000			
Computer Programs for the Elderly	40,000	40,000	40,000			
Clean Communities	41,756	41,756	41,756			
12th Street Project 2000/Clinton Street	18,497	18,497	18,497			
2005 Roadway Improvement Project	114,926	114,926	114,926			
State Aid Highway - Hudson Place 2003	32,585	32,585	32,585			
State Aid Highway - Signage Phas I 2004	19,144	19,144	19,144			
State Aid Highway - Safe Street School District	12,551	12,551	12,551			
Fire Department Grant	36,000	36,000	36,000			
Clean Communities - 2008	38,699	38,699	38,699			
1600 Park Avenue Development	300,000	300,000	300,000			
Smart Growth Planning	60,000	60,000	60,000			
Municipal Alliance (County Share)	56,134	56,134	56,134			
Municipal Alliance (City Share)	14,034	14,034	14,034			
JAG 2007	19,120	19,120	19,120			
Senior Emergency Funds	4,531	4,531	4,531			

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	2008 <u>Budget</u>	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled	Overexpenditures
Over Limit/Under Arrest	5,000	5,000	5,000			
2008 Pedestrian Safety/Walk Safe	20,000	20,000	20,000			
1600 Park Ave (Acquisition)	2,300,000	2,300,000	2,300,000			
1600 Park Ave (Land & Water)	1,513,420	1,513,420	1,513,420			
Total Public and Private Programs Offset by Revenues	<u>6,073,880</u>	<u>6,073,880</u>	<u>6,073,880</u>			
Total Operations-Excluded from "CAPS"	<u>15,935,627</u>	<u>15,935,627</u>	<u>15,357,828</u>	<u>577,799</u>		
Detail:						
Salaries and Wages	1,094,622	1,094,622	554,622	540,000		
Other Expenses	<u>14,841,005</u>	<u>14,841,005</u>	<u>14,803,206</u>	<u>37,799</u>		
Total:	<u>15,935,627</u>	<u>15,935,627</u>	<u>15,357,828</u>	<u>577,799</u>		
Capital Improvements-Excluded from "CAPS"						
Down Payments on Improvements	95,000	95,000	97,120			2,120
Capital Improvement Fund	<u>177,000</u>	<u>177,000</u>	<u>177,000</u>			
Total Capital Improvements Excluded from "CAPS"	<u>272,000</u>	<u>272,000</u>	<u>274,120</u>			<u>2,120</u>
Municipal Debt Service - Excluded from "CAPS"						
Payment of Bond Principal	2,760,000	2,760,000	2,760,000			
Interest on Bonds	2,260,458	2,260,458	2,260,458			
Interest on Notes	741,200	741,200	739,141		2,059	
Interest on Tax Anticipation Notes	217,316	217,316	217,316			
Notes Payable	240,000	240,000	240,000			
Green Trust Loan Program						
Loan Repayments for Principal and Interest	195,450	195,450	195,437		13	

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended June 30, 2008

	2008 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled	Overexpenditures
Underground Storage Tank Loan	24,474	24,474	40,277			15,803
Interest on Garage Sale	1,020,000	1,020,000	849,489		170,511	
Principal on H.C.I.A. Police Car Loan	86,000	86,000	86,000			
Total Municipal Debt Service-Excluded from "CAPS"	<u>7,544,898</u>	<u>7,544,898</u>	<u>7,388,118</u>		<u>172,583</u>	<u>15,803</u>
DEFERRED CHARGES:						
Emergency Authorization -	<u>1,275,000</u>	<u>1,275,000</u>	<u>1,275,000</u>			
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>1,275,000</u>	<u>1,275,000</u>	<u>1,275,000</u>			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>25,027,525</u>	<u>25,027,525</u>	<u>24,295,066</u>	<u>577,799</u>	<u>172,583</u>	<u>17,923</u>
Subtotal General Appropriations	92,325,079	92,325,079	102,491,523	996,721	172,583	11,335,748
Reserve for Uncollected Taxes	363,648	363,648	363,648			
Total General Appropriations	<u>\$ 92,688,727</u>	<u>92,688,727</u>	<u>102,855,171</u>	<u>996,721</u>	<u>172,583</u>	<u>11,335,748</u>

Reserve for Uncollected Taxes	363,648
Deferred Charges	2,533,920
Grants	6,073,880
Encumbrances	784,198
Cash	<u>93,099,525</u>
\$	<u>102,855,171</u>

See accompanying notes to the financial statements.

CITY OF HOBOKEN

Comparative Balance Sheet - Regulatory Basis

Trust Funds

June 30, 2008 and 2007

<u>Assets</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Animal License Fund:			
Cash	B-1	\$ <u>26,960</u>	<u>23,045</u>
Other Trust Funds:			
Cash	B-1	3,307,151	4,669,170
Deferred Charges-Overexpenditure of Reserves	B-6	142,234	
Due from Current Fund	B-5	<u>1,500,000</u>	
		<u>4,949,385</u>	<u>4,669,170</u>
Section 8 - Housing Assistance Program:			
Cash	B-1	<u>1,346,886</u>	<u>1,324,219</u>
		<u>1,346,886</u>	<u>1,324,219</u>
Community Development Block Grant Trust Fund:			
Grants Receivable	B-12	441,450	412,951
Due from Section 8 - Housing Assistance Program	B-10	<u>31,492</u>	<u>19,526</u>
		<u>472,942</u>	<u>432,477</u>
		\$ <u>6,796,173</u>	<u>6,448,911</u>

CITY OF HOBOKEN

Comparative Balance Sheet - Regulatory Basis

Trust Funds

June 30, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-2	17,042	17,042
Due to State of New Jersey	B-3	902	234
Due to Current Fund	B-5	9,016	5,769
		<u>26,960</u>	<u>23,045</u>
Other Trust Funds:			
Due to Current Fund	B-5	65,517	
Due to State of New Jersey	B-4	45,558	
Reserve for Other Trust Fund Deposits	B-6	4,838,310	4,669,170
		<u>4,949,385</u>	<u>4,669,170</u>
Section 8 - Housing Assistance Program:			
Due to Current Fund	B-5	28,472	35,421
Due to Grantor - Section 8 Housing Assistance	B-8	47,719	47,711
Due to Community Development Block Grant Trust	B-9	31,492	19,526
Reserve for Sect. 8 - Housing Assistance Program	B-7	1,239,203	1,221,561
		<u>1,346,886</u>	<u>1,324,219</u>
Community Development Block Grant Trust Fund			
Reserve for Community Dev. Block Grant	B-11	472,942	432,477
		<u>472,942</u>	<u>432,477</u>
		<u>\$ 6,796,173</u>	<u>6,448,911</u>

See accompanying notes to financial statements.

CITY OF HOBOKEN, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

Year Ended June 30, 2008 and 2007

<u>Assets</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Cash	C-2/C-3	\$ 4,358,837	4,550,595
Accounts Receivable:			
Port Authority	C-4	10,965,204	
NJ DEP	C-4	2,410,000	
State Highway Facilities Grant	C-4	8,191,742	
Developer - Maxwell Place Walkway	C-4	3,061,262	
Interfund Accounts Receivable:			
Due from Current Fund	C-7	50,000	106,442
Due from Parking Utility Operating	C-7	1,974,000	
Contract Awarded without Appropriation		11,526,755	
Deferred Charges to Future Taxation:			
Funded	C-5	44,931,060	47,870,428
Unfunded	C-6	39,739,503	19,979,503
		<u>\$ 127,208,363</u>	<u>72,506,968</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	\$ 42,947,442	45,707,442
Bond Anticipation Notes	C-9	22,200,000	17,440,000
Green Acres Trust Loan Payable	C-10	1,910,198	2,065,094
Underground Storage Tank Loan Payable	C-11	73,420	97,892
Improvement Authorizations:			
Funded	C-12	747,538	655,304
Unfunded	C-12	14,406,335	4,785,913
Reserve for Encumbrances	C-13	294,881	177,454
Capital Improvement Fund	C-14	177,000	
Interfund Accounts Payable:			
Due to Federal and State Grant Fund	C-7	2,001,000	1,132,595
Reserve for Hazmat Funds - Due from Grant	C-15	17,630	17,630
Reserve for Payment of BAN's - ADA Library	C-15	117,629	100,000
Reserve for Green Acres - 1600 Adams Street	C-15	200,000	200,000
Reserve for COPs Agreement	C-15	5,678	
Reserve for Maxwell Place Walkway	C-15	10,568,453	
Reserve for Grants Receivable:			
Maxwell Place Walkway - State Highway Facilities Grant		8,465,493	
Maxwell Place Walkway - Developer		3,061,262	
Reconstruction of Pier C		20,000,000	
Fund Balance	C-1	14,404	127,644
		<u>\$ 127,208,363</u>	<u>72,506,968</u>

There were \$17,539,503 and \$2,539,503 of Bonds and Notes Authorized but Not Issued on June 30, 2008 and 2007 respectively (Exhibit C-16).

See accompanying notes to the financial statements.

CITY OF HOBOKEN, N.J.

Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Year Ended June 30, 2008

Balance, June 30, 2007	\$	127,644
Increased by:		
Premium on Sale of Bond Anticipation Notes		<u>13,760</u>
		141,404
Decreased by:		
Transferred to Schedule of Interfunds		<u>127,000</u>
Balance, June 30, 2008	\$	<u><u>14,404</u></u>

See accompanying notes to the financial statements.

CITY OF HOBOKEN, N.J.

Comparative Balance Sheet - Regulatory Basis

Parking Utility Fund

June 30, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Parking Utility Operating Fund:			
Cash	D-4	\$ 228,437	1,690,181
Deferred Charge	D-5	<u>887,862</u>	<u>158,731</u>
Total Parking Utility Operating Fund		<u>1,116,299</u>	<u>1,848,912</u>
Capital Fund:			
Fixed Capital	D-6	<u>45,157,185</u>	<u>42,957,185</u>
Total Capital Fund		<u>45,157,185</u>	<u>42,957,185</u>
		<u>\$ 46,273,484</u>	<u>44,806,097</u>

CITY OF HOBOKEN, N.J.

Comparative Balance Sheet - Regulatory Basis

Parking Utility Fund

June 30, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Parking Utility Operating Fund:			
Appropriation Reserves	D-3	344,816	244,337
Security Deposits	D-7	233,776	233,776
Accrued Interest on Bonds and Notes	D-8	226,100	784,441
Fund Balance	D-1	<u>311,607</u>	<u>586,358</u>
Total Parking Utility Operating Fund		<u>1,116,299</u>	<u>1,848,912</u>
Capital Fund:			
Interfund Accounts Payable:			
Due to General Capital Fund	D-9	1,974,000	
Bond Anticipation Notes	D-11	4,800,000	5,000,000
Serial Bonds Payable	D-12	21,950,000	22,935,000
Improvement authorization:			
Unfunded	D-10	226,000	
Reserve for:			
Amortization	D-13	<u>16,207,185</u>	<u>15,022,185</u>
Total Capital Fund		<u>45,157,185</u>	<u>42,957,185</u>
		<u>\$ 46,273,484</u>	<u>44,806,097</u>

There were \$2,200,000 and \$0 of Bonds and Notes Authorized But Not Issued on June 30, 2008 and 2007 respectively (Exhibit D-14).

See accompanying notes to financial statements.

CITY OF HOBOKEN, N.J.

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

Parking Utility Operating Fund

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenue and other income:		
Fund Balance Utilized	\$ 400,000	1,041,096
Revenues Anticipated	12,926,709	11,969,978
Cancellation of Appropriation		715,709
Unexpended balance appropriation reserve	244,337	
Total revenue and other income	<u>13,571,046</u>	<u>13,726,783</u>
Expenditures:		
Operating	4,330,000	4,986,500
Capital Improvements		
Debt service	2,649,466	2,625,566
Deferred charges and statutory expenditures	298,731	465,891
Surplus (General Budget)	<u>6,167,600</u>	<u>5,358,059</u>
Total expenditures	<u>13,445,797</u>	<u>13,436,016</u>
Excess (Deficit) in revenues	125,249	290,767
Fund balance, July 1	<u>586,358</u>	<u>1,336,687</u>
	711,607	1,627,454
Decreased by utilization by parking operating budget	<u>400,000</u>	<u>1,041,096</u>
Balance, June 30	<u>\$ 311,607</u>	<u>586,358</u>

See accompanying notes to financial statements.

CITY OF HOBOKEN, N.J.

Statement of Revenues - Regulatory Basis

Parking Utility Operating Fund

Year ended June 30, 2008

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 400,000	400,000	
Parking Fees - Continuing Operations	9,451,097	9,568,351	117,254
Parking Fees - Midtown Garage	1,770,000	1,631,516	(138,484)
Parking Fees - 916 Garden Street	329,700	279,260	(50,440)
Permits	730,000	830,108	100,108
Coupons	380,000	349,474	(30,526)
Miscellaneous	500	3,882	3,382
Interest on Investments	50,000	26,518	(23,482)
St. Mary Rental Agreement	334,500	237,600	(96,900)
	<u>\$ 13,445,797</u>	<u>13,326,709</u>	<u>(119,088)</u>

See accompanying notes to financial statements.

CITY OF HOBOKEN, N.J.

Statement of Expenditures - Regulatory Basis

Parking Utility Operating Fund

Year ended June 30, 2008

	Appropriations		Paid or charged	Reserved
	Budget	Budget after modifi- cation		
Operating:				
Salaries and Wages	\$ 1,950,000	1,950,000	1,950,000	
Other Expenses	2,000,000	2,000,000	2,000,000	
Other Expenses - Group Health Benefits	380,000	380,000	326,404	53,596
Total Operating	4,330,000	4,330,000	4,276,404	53,596
Debt Service:				
Payment of Bond Principal	985,000	985,000	985,000	
Interest on Bonds	1,114,466	1,114,466	1,095,751	18,715
Payment of Note Principal	200,000	200,000	200,000	
Interest on Notes	350,000	350,000	285,095	64,905
	2,649,466	2,649,466	2,565,846	83,620
Deferred Charges and Statutory Expenditures:				
Deferred Charges:				
Expenditure without Appropriation	158,731	158,731	158,731	
Statutory Expenditures - Contribution to:				
Public Employees' Retirement System	30,000	30,000		30,000
Social Security	80,000	80,000		80,000
Unemployment Compensation	30,000	30,000		30,000
Total Deferred Charges and Statutory Expenditures	298,731	298,731	158,731	140,000
Surplus (General Budget)	6,167,600	6,167,600	6,100,000	67,600
	\$ 13,445,797	13,445,797	13,100,981	344,816

Cash Disbursed \$ 13,500,591
Deferred Charges 158,731
(Decrease)/Increase in Accrued Interest Payable, Net (558,341)

\$ 13,100,981

See accompanying notes to financial statements.

CITY OF HOBOKEN, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
General Fixed Assets:		
Land	\$ 2,295,200	2,295,200
Buildings	27,987,274	27,987,274
Machinery and equipment	<u>8,168,216</u>	<u>8,168,216</u>
	<u>38,450,690</u>	<u>38,450,690</u>
Investment in General Fixed Assets	<u>\$ 38,450,690</u>	<u>38,450,690</u>

See accompanying notes to financial statements.

**CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

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

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

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

The City has the following funds and account group:

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

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

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

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

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

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

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

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

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

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

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

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

Basis of Accounting

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

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

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

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

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

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

Basis of Accounting, (continued)

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

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

- General Capital Fund
- Trust Fund
- Parking Utility Capital Fund

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

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

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

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

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

Basis of Accounting, (continued)

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

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

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

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

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

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

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

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

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

Basis of Accounting, (continued)

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 nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the City may levy taxes on all taxable property within the local unit 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.

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

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

Basis of Accounting, (continued)

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

C. Basic Financial Statements

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

D. Recent Accounting Pronouncements

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

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodian credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of June 30, 2008, \$0 of the City's bank balance of \$25,633,414 was exposed to custodial credit risk.

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

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

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

NOTE 3. MUNICIPAL DEBT

Long-term debt as of June 30, 2008 consisted of the following:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$45,707,442	\$	\$2,760,000	\$42,947,442	\$2,885,000
Parking Utility Obligation Debt	<u>22,935,000</u>	<u> </u>	<u>985,000</u>	<u>21,950,000</u>	<u>1,020,000</u>
Total Bonds Payable	<u>68,642,442</u>	<u> </u>	<u>3,745,000</u>	<u>64,897,442</u>	<u>3,905,000</u>
Other Liabilities:					
Green Acres Trust Loan	2,065,094		154,896	1,910,198	159,020
Underground Storage Tank Loan	97,892		24,472	73,420	24,474
Compensated Absences Payable	<u>16,698,439</u>			<u>16,698,439</u>	
Total Other Liabilities	<u>\$18,861,425</u>	<u>\$</u>	<u>\$179,368</u>	<u>\$18,682,057</u>	<u>\$183,494</u>

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

The City's debt is summarized as follows:

	<u>Year 2008</u>	<u>Year 2007</u>	<u>Year 2006</u>
Issued:			
General Bonds, Notes and Loans	\$67,131,060	\$65,310,429	\$66,972,690
Parking Utility Bonds, Notes and Loans	26,750,000	27,935,000	38,060,000
Certificates of Participation	15,320,043	15,320,043	
Hoboken Hospital Authority*	<u>49,335,000</u>	<u>52,000,000</u>	
Net Debt Issued	<u>158,536,103</u>	<u>160,565,472</u>	<u>105,032,690</u>
Authorized But Not Issued:			
General Bond, Notes and Loans	17,539,503	2,539,503	2,539,503
Parking Utility Bonds, Notes and Loans	<u>2,200,000</u>		
Total Authorized But Not Issued	<u>19,739,503</u>	<u>2,539,503</u>	<u>2,539,503</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$178,275,606</u>	<u>\$163,104,975</u>	<u>\$107,572,193</u>

* Guaranteed by the City of Hoboken

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.90%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$1,553,098	\$1,553,098	\$0
General Debt	149,325,606	76,707,442	72,618,164
Utility Debt	<u>28,950,000</u>	<u>28,950,000</u>	<u>0</u>
	<u>\$179,828,704</u>	<u>\$107,210,540</u>	<u>\$72,618,164</u>

Net Debt \$72,618,164 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$8,048,422,679 equals 0.90%.

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

3 ½% of equalized valuation basis (municipal)	\$281,694,794
Net Debt	<u>72,618,164</u>
Remaining borrowing power	<u>\$209,076,630</u>

The City's long term debt consisted of the following at June 30, 2008:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds - Paid by Current Fund</u>	
General Serial Bonds - with an interest rate of 6.50% issued April 1, 2003, due through April 1, 2033	\$7,372,442
Refunding Serial Bonds - with an interest rate of 5.33% issued November 1, 2003, due through February 1, 2018	<u>35,575,000</u>
	<u>\$42,947,442</u>

Green Acres Loans - Paid By Current Fund

The City has three outstanding loan agreements with New Jersey Green Acres Bond Act of 1983 for the Little League Field, North Park, Castle Point Park and Multiple Park Project as follows:

The 2000 Little League Field and North Park award is a rate of 2.0%, in the amount of \$1,500,000 with semi-annual loan payments of various amounts made on July 29 and January 29 through January 29, 2016	\$788,736
The 2003 Castle Point Park project award is at a rate of 3.5%, in the amount of \$375,000 with semi-annual loan payments of various amounts made on September 6 and March 6 through March 6, 2022	283,536
The 2005 Multiple Park Project award is at a rate of 4.0%, in the amount of \$1,000,000 with semi-annual loan payments of various amounts made on September 22 and March 22 through March 22, 2023	<u>837,926</u>
	<u>\$1,910,198</u>

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

<u>Underground Storage Tank Loan - Paid by Current Fund</u>	<u>Amount Outstanding</u>
The City has an outstanding loan agreement with New Jersey Economic Development Authority for the removal of underground storage tanks in the amount of \$244,735 with annual payments of \$24,474 made on February 1 through February 2011	<u>\$73,420</u>
<u>Parking Utility Bonds - Paid by Parking Utility Fund</u>	
Obligation Bonds Series 2002A - with an interest rate of 4.00% to 5.00% issued December 31, 1998, due through December 31, 2023	\$17,515,000
Obligation Bond Series 2002B - with an interest rate of 3.80% to 5.06% issued December 31, 1998, due through December 31, 2013	<u>4,435,000</u>
	<u>\$21,950,000</u>

The City's principal and interest for bonded debt and loans issued and outstanding as of June 30, 2008 is as follows:

<u>June 30,</u>	<u>General Capital Debt</u>		<u>Utility Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2009	\$3,067,493	\$2,199,156	\$1,020,000	\$1,051,230	\$7,337,879
2010	3,205,669	2,081,075	1,075,000	998,226	7,359,970
2011	3,358,909	1,948,590	1,125,000	942,567	7,375,066
2012	3,522,741	1,793,839	1,185,000	884,124	7,385,704
2013	3,726,112	1,623,545	1,250,000	828,984	7,428,641
2014-2018	21,990,965	5,000,707	6,980,000	3,210,136	37,181,808
2019-2023	2,269,214	1,128,827	9,315,000	1,176,463	13,889,504
2024-2028	2,754,090	2,183,049			4,937,139
2029-2033	833,925	4,756,076			5,590,001
2034-2038	<u>201,942</u>	<u>1,408,058</u>			<u>1,610,000</u>
	<u>\$44,931,060</u>	<u>\$24,122,922</u>	<u>\$21,950,000</u>	<u>\$9,091,730</u>	<u>\$100,095,712</u>

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Hoboken Municipal Hospital Authority

On July 8, 2006, the State of New Jersey enacted the Municipal Hospital Authority Law, which authorizes certain cities to establish municipal hospital authorities to acquire and operate urban hospitals.

In August 2006, the City passed an ordinance creating the Hoboken Municipal Hospital Authority ("the HMHA"). The creation of the HMHA was approved by the State's Local Finance Board on August 9, 2006 and is subject to the policies and procedures of the "Local Authorities Fiscal Control Law," P.L. 1983, c313.

On December 21, 2006, the Local Finance Board approved the issuance of debt obligations to provide \$34 million of startup working capital and \$18 million of the initial phase of \$52 million of capital improvements, including construction of a medical office complex, facility remodeling and equipment acquisition. Repayment of the debt is guaranteed by the City.

Sale/Leaseback Agreement

On June 29, 2005, the Hudson City Improvement Authority (the "Authority") issued \$8,445,000 aggregate principal amount of its Variable Rate Lease Revenue Bonds, Series 2005 (Hoboken DPW Garage Project) (the "2005 Bonds") for the purposes of acquiring the Department of Public Works Garage located on Garden Street and Observer Highway (the "Facilities") from the City and making various acquisitions for and improvements to the Facilities.

In connection with the issuance of the 2005 Bonds, the City and the Authority entered into a sale and lease purchase agreement dated June 1, 2005 (the "2005 Lease"), by which the City conveyed title to the Facilities to the Authority, and agreed to pay, subject to annual appropriation, certain rentals to the Authority for the use of the Facilities.

By ordinance of the City duly adopted on June 21, 2006, the City determined that it would be in the best interests of the City to authorize the sale of the Facilities by the Authority pursuant to the 2005 Lease and to cause the 2005 Bonds to be refinanced through the issuance and sale of certificates of participation representing proportionate interests in rentals to be paid by the City under a new lease purchase agreement between the City and NWF Leasing, Inc. Dated June 29, 2006.

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Sale/Leaseback Agreement, (continued)

The bonds were refinanced in the amount of \$13,840,000 to include the acquisition of the police garage. It is the City's intention to pay the certificates of participation in full upon the sale of the DPW and police garages. The following is a schedule of the future minimum lease payments under this lease and the present value of the net minimum lease payments for the Current Fund at June 30, 2008:

Year ended June 30, 2009	\$ <u>13,941,753</u>
Total minimum lease payments	13,941,753
Less amount representing interest	<u>101,753</u>
Present value of future minimum lease payment	<u>\$13,840,000</u>

NOTE 4. BOND ANTICIPATION NOTES

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

On June 30, 2008, the City had \$22,200,000 in outstanding general capital bond anticipation notes. The City also had \$4,800,000 of Parking Utility Capital Bond Anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar year ended June 30, 2008.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
CEDE & Co.	\$17,440,000	\$5,000,000	\$240,000	\$22,200,000
TD Bank North	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,200,000</u>	<u>4,800,000</u>
	<u>\$22,440,000</u>	<u>\$10,000,000</u>	<u>\$5,440,000</u>	<u>\$27,000,000</u>

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

NOTE 5. 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 City of Hoboken:

	<u>Balance June 30, 2007</u>	<u>2008 Budget Appropriation</u>	<u>Amount Resulting from SFY 2008</u>	<u>Balance Succeeding Year Budget</u>
Current Fund:				
Emergency Authorizations	\$1,275,000	\$1,275,000	\$	\$
Overexpenditure of Appropriations	617,702	617,702	11,335,748	11,335,748
Deficit in Operations	604,597	604,597	24,436,125	24,436,125
Overexpenditure of Grant Appropriation Reserves			49,949	49,949
Overexpenditure of Accounts Payable	<u>36,621</u>	<u>36,621</u>		
	<u>2,533,920</u>	<u>2,533,920</u>	<u>35,821,822</u>	<u>35,821,822</u>
Trust Funds:				
Overexpenditure of Payroll Agency			128,256	128,256
Overexpenditure of Workers Compensation	_____	_____	<u>13,978</u>	<u>13,978</u>
			<u>142,234</u>	<u>142,234</u>
Capital Fund:				
Expenditures Without an Ordinance - Maxwell Place Walkway Improvements	_____	_____	<u>11,526,755</u>	<u>11,526,755</u>
Parking Utility Fund:				
Overexpenditure of Appropriation	158,731	158,731	387,862	387,862
Expenditure Without an Appropriation			500,000	500,000
	<u>158,731</u>	<u>158,731</u>	<u>887,862</u>	<u>887,862</u>
Total Deferred Charges	<u>\$2,692,651</u>	<u>\$2,692,651</u>	<u>\$48,378,673</u>	<u>\$48,378,673</u>

NOTE 6. PENSION PLANS

Description of Systems

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

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS)

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

Police and Firemens' Retirement System (PFRS)

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

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

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

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

NOTE 6. PENSION PLANS, (continued)

Significant Legislation

Chapter 108, P.L. 2003, effective July 1, 2003 provided that the State Treasurer shall reduce the normal and accrued liability contributions payable by employers other than the State, excluding the contribution payable from the benefit enhancement fund, to a percentage of the amount certified annually by the retirement system, which for PERS will be as follows: for payments due in the State fiscal year ending June 30, 2006, 20 percent; for payments due in the State fiscal year ending June 30, 2007, not more than 40 percent; for payments due in the State fiscal year ending June 30, 2007, not more than 60 percent; and for payments due in the State fiscal year ending June 30, 2008, not more than 80 percent.

Chapter 108 (P.L. 2003), effective July 1, 2003, provided that local employer PFRS normal and accrued liability contributions will be 20% of the amount certified by the PFRS for payments due in State fiscal year 2004 and thereafter a percentage of the amount certified by the System as the State Treasurer will determine, but not more than 40% in fiscal year 2005, not more than 60% in fiscal year 2006, and not more than 80% in fiscal year 2007. According to the Appropriation Act of 2003, the State as well is paying pension obligations through a five-year phase-in.

Chapter 42, P.L. 2002 permitted local government units to issue refunding bonds to retire unfunded accrued liability resulting from early retirement benefits under PERS and PFRS, effective July 12, 2002.

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
June 30, 2008	\$738,978	\$5,637,846
June 30, 2007	363,719	3,696,931
June 30, 2006	164,910	2,222,256

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

NOTE 7. ACCUMULATED VACATION AND SICK PAY

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

The estimated accumulated sick time liability as of June 30, 2008 was \$16,698,439.

NOTE 8. FIXED ASSETS

The General Fixed Asset Account Group has not had an updated report since 2004. Therefore, there were no balances recorded in the prior year audit report.

NOTE 9. DUE TO/FROM OTHER FUNDS

Balances due from/to other funds at June 30, 2008 consist of the following:

\$47,580	Due to Current Fund from Escrow Trust Fund for interest accumulated.
33,450	Due to Current Fund from Other Trust Fund for tax title lien premiums.
15,513	Due to Other Trust Fund from Current Fund for fees due to state.
28,472	Due to Current Fund from Section 8 Housing Trust for interest earnings.
9,016	Due to Current Fund from Animal License Trust for statutory reserves.
1,500,000	Due to O&M Fund from Current Fund for loan advanced.
1,974,000	Due to General Capital from Parking Utility Capital for an improvement authorization.
50,000	Due to General Capital from Current Fund for budget appropriations.
2,001,000	Due to Federal and State Grant Fund from General Capital Fund for cash borrowed by General Capital Fund for COPS's Agreement.
209,406	Due to State and Federal Grant Fund from Current Fund for grant money, overexpenditures of appropriated grants, and grants charged off and transferred to departments.
<u>31,492</u>	Due to CDBG Grant from Section 8 Housing Trust for current year contribution owed.
<u>\$5,899,929</u>	

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

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

NOTE 10 RISK MANAGEMENT

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

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

Balance - June 30, 2007	(<u>\$2,450</u>)
Increases:	
City Contributions	675,000
Reimbursements	<u>105,247</u>
	<u>780,247</u>
	777,797
Decreases:	
Claims	<u>791,775</u>
Balance - June 30, 2008	<u>(<u>\$13,978</u>)</u>

The self insurance fund is still operational to pay claims submitted prior to the City's joining an insurance pool for these coverages. The deficit will be raised in the subsequent year's budget.

NOTE 11. TAXES COLLECTED IN ADVANCE

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

	Balance <u>June 30, 2008</u>	Balance <u>June 30, 2007</u>
Prepaid Taxes	<u>\$0</u>	<u>\$152,039</u>
Cash Liability for Taxes Collected in Advance	<u>\$0</u>	<u>\$152,039</u>

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES

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

“Robotic Parking Systems, et al. v. City of Hoboken & John Corea, et al., United States District Court (DNJ)

This is a copyright infringement/breach of contract case against the City of Hoboken, et al. Hoboken has a counter-claim against the plaintiff for damages caused by the plaintiffs’ alleged negligent installation of the internal automated parking system at the Garden Street Garage. Plaintiffs also have a claim of defamation against the Director of the Parking Authority for alleged statements made at a public meeting. The claims and counter-claims for damages are each in excess of \$1,000,000. Applicable insurance is unknown.

Additionally, plaintiffs seek injunctive relief in the form of an order requiring Hoboken to cease and desist from using the plaintiffs’ computer hardware/software as part of the ongoing automated parking facility. Plaintiffs claim that the computer system is subject to its copyrighted computer codes.

The parties are progressing through fact discovery. Plaintiffs have made a motion to inspect the current computer system used at the Garden Street Garage. The court is considering that motion, but has not made a decision to date.

Hoboken is contesting their liability in this matter. Further, Hoboken has asserted a counter-claim for damages due to Plaintiffs’ failure to have the Garden Street Garage operating in a time frame and in a manner which it was contracted to perform. Hoboken was denied the use and revenue from the Garage due to the plaintiffs’ alleged delay and negligent performance of its contractual obligations.

A partial unfavorable outcome may arise. Hoboken was forced to remove Plaintiffs from the Garage and operate it on its own while a new contractor was secured and a new computer system was installed to operate the Garage. In the interim period, the old system was used out of necessity. Plaintiffs claim that it is entitled to monies under a copyright agreement it had with Hoboken for any time in which Hoboken used its computer, which may cover that interim period between Plaintiffs’ operation of the Garage and when the new, current contractor took over and installed their own system. Plaintiffs’ defamation claim is subject to a motion for summary judgment as Plaintiffs have yet to identify who made the alleged defamatory statements.

The upper range of damages are not identifiable at this time because Plaintiffs seek an unsubstantiated amount of damages resulting from the alleged defamation. Further, the damages range is difficult to determine because Plaintiffs claim a continuing use of its computer codes and thus have a continuing claim of damages.

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

Pantoja v. City of Hoboken et al., United States District Court (DNJ)

This is a civil rights action filed in the United States District Court for the District of New Jersey, in which Plaintiffs have asserted allegations of an unlawful hostile work environment and discrimination based upon race against Hoboken and Police Lieutenant Angelo Andriani. Plaintiffs are a group of Hispanic police officers who work in Hoboken: Det. George Fonseca, Det. Mario Novo, Det. Cesar Olavarria, Sgt. Edwin Pantoja, and Det. James Perez. They allege federal civil rights violations including a pattern and practice of discrimination by the City of Hoboken, a violation of the New Jersey Conscientious Employee Protection Act, and a violation of the New Jersey Law Against Discrimination for a failure to promote based on racial animus.

An Answer to Plaintiff's Complaint was timely filed on December 8, 2008. The judge assigned to this case is Magistrate Michael A. Shipp. Fact discovery is set to end on June 9, 2009.

Plaintiffs seek monetary damages but makes no claim as to the specific amount of damages they seek. Additionally, one of the Plaintiffs is also seeking a promotion to the rank of Sergeant from January 2008. We estimate the potential exposure in this to be up to \$1,000,000. Such estimate is, of course, dependent upon an analysis of the merits of the case which can only be developed as discovery progresses. The City of Hoboken is responsible for the initial \$25,000 of any recovery, and any damages in excess of that amount are covered by an insurance policy and excess carrier, subject to a deductible. The City of Hoboken at this time intends to vigorously contest Plaintiff's suit and a settlement may only be considered, if at all, as discovery progresses.

Mestre v. City of Hoboken, et al., United States District Court (DNJ)

The Plaintiff filed a 58 paragraph Complaint in the New Jersey District Federal Court on or about October 5, 2008. Plaintiff alleges unlawful retaliation and harassment in violation of Plaintiff's First Amendment right to speak out on matters of public concern and his rights to Equal Protection based on racial animus; violations of the New Jersey Conscientious Employee Protection Act; and the creation of a hostile work environment and unlawful retaliation in violation of the New Jersey Law Against Discrimination. Generally, Plaintiff, a Hispanic male, claims he was: stripped of various "core duties and responsibilities", which were reassigned to white employees; denied a previously granted request for medical leave in order to attend to a medical disability; stripped of his government car; subjected to an unwarranted padlocking of his office; issued illegal parking summons despite no violations of parking ordinances; the subject of a false statement by Defendant Bergin to an unspecified newspaper reporter that he was being investigated for disciplinary and/or criminal activity; and unnecessarily ordered to leave a meeting involving other government officials. Plaintiff alleges these actions were taken against him because of racial animus as well as in retaliation for his damaging cooperation and testimony in the "sham" investigation conducted by City of Hoboken Labor Counsel David Corrigan in response to the filing of the matter of Pantoja et al. v. City of Hoboken et al, Civil Action 07-5113 (SRC) and his execution of a certification on behalf of Kevin Houghton in a civil rights action filed against the City captioned Houghton v. City of Hoboken et. Al, Civil Action 06-5602 (WJM).

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007
(continued)

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

An Answer to Plaintiff's Complaint was timely filed on November 10, 2008 and the judge assigned to the case is Magistrate Claire C. Cecchi. An initial conference with the Magistrate was held on January 27, 2009, at which time a discovery schedule was set. Fact discovery is set to end on July 31, 2009. Our Rule 26 disclosures as well as initial discovery demands were timely served upon Plaintiff's counsel but Plaintiff's counsel has yet to produce his Rule 26 disclosures or to propound any discovery demands, in violation of the scheduling order. We will demand Plaintiff's compliance with the scheduling order and if compliance is not forthcoming, we will seek court intervention.

Plaintiff seeks only monetary damages but makes no claim as to the specific amount of damages he seeks. We estimate the potential exposure in this case to be up to \$250,000. Such estimate is, of course, dependent upon an analysis of the merits of the case which can only be developed as discovery progresses. The City of Hoboken is responsible for the initial \$25,000 of any recovery, and any damages in excess of that amount are covered by an insurance policy and excess carrier, subject to a deductible. The City of Hoboken at this time intends to vigorously contest Plaintiff's suit and a settlement may only be considered, if at all, as discovery progresses.

Garcia v. City of Hoboken, United States District Court (DNJ)

The Plaintiff filed a 24 paragraph Complaint in the New Jersey District Federal Court on or about October 23, 2008. Plaintiff alleges a violation of Plaintiff's right to Equal Protection and a violation of the New Jersey Law Against Discrimination for a failure to promote based on racial animus. Generally, Plaintiff, a Hispanic male, claims that in or about August of 2008, he was denied a promotion to the position of acting Chief of Police of the Hoboken Police Department because of his race. Instead, Plaintiff asserts, Captain Robert Lisa, a white male, was promoted notwithstanding Plaintiff's superior qualifications and experience.

An Answer to Plaintiff's Complaint was timely filed on December 8, 2008. The judge assigned to this case is Magistrate Esther Salas. An initial conference with the Magistrate was held on February 23, 2009. Fact discovery is set to end on December 31, 2009. Our Rule 26 disclosures as well as initial discovery demands were timely served upon Plaintiff's counsel but Plaintiff's counsel has yet to produce his Rule 26 disclosures or to propound any discovery demands, in violation of the scheduling order. We will demand Plaintiff's compliance with the scheduling order and if compliance is not forthcoming, we will seek court intervention.

Plaintiff seeks only monetary damages but makes no claim as to the specific amount of damages he seeks. We estimate the potential exposure in this case to be up to \$250,000. Such estimate is, of course, dependent upon an analysis of the merits of the case which can only be developed as discovery progresses. The City of Hoboken is responsible for the initial \$25,000 of any recovery, and any damages in excess of that amount are covered by an insurance policy and excess carrier, subject to a deductible. The City of Hoboken at this time intends to vigorously contest Plaintiff's suit and a settlement may only be considered, if at all, as discovery progresses."

SUPPLEMENTARY DATA AND SCHEDULES

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	Year Ended		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Tax Rate</u>	4.293	3.490	3.434
<u>Apportionment of Tax Rate</u>			
Municipal	52,668,589	29,985,555	26,600,000
County	37,966,774	34,281,954	33,669,312
Local School	35,586,250	34,100,000	33,228,342
<u>Assessed Valuation</u>			
2008	\$2,939,286,900		
2007		\$2,818,798,604	
2006			\$2,723,040,818

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

Year Ended <u>June 30,</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2008	\$107,043,886	\$80,133,482	74.86%
2007	101,710,705	101,643,666	99.93
2006	88,865,063	88,861,771	99.95

DELINQUENT TAXES AND TAX TITLE LIENS

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

Year Ended <u>June 30,</u>	<u>Amount of Tax Title Lien</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent Taxes</u>	<u>Percentage of Tax Levy</u>
2008	\$489,143	\$26,603,296	\$27,092,439	25.3%
2007	469,752	2,082	471,834	0.46
2006	453,254	3,292	456,546	0.51

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

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

Year Ended <u>June 30,</u>	<u>Amount</u>
2008	\$2,806,900
2007	2,806,900
2006	2,806,900

COMPARATIVE SCHEDULE OF FUND BALANCES

	Year Ended <u>June 30,</u>	Balance <u>June 30,</u>	Utilized in Budget <u>of Succeeding Year</u>
Current Fund	2008	\$2,592,866	\$ -0-
	2007	3,592,866	1,000,000
	2006	2,579,496	2,000,000
	2005	2,979,496	-0-
	2004	2,979,496	-0-
Parking Utility Operating	2008	\$311,607	\$100,000
	2007	586,358	400,000
	2006	1,336,687	1,041,096
	2005	1,152,864	1,200,000
	2004	2,352,864	2,624,287

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Surety Bond</u>
David Roberts	Mayor	
Theresa Castellano	Council President	
Nino Giacchi	Council Member	
Peter Cammarano	Council Member	
Dawn Zimmer	Council Member	
Elizabeth Mason	Council Member	
Peter Cunningham	Council Member	
Terry LaBruno	Council Member	
Ruben Ramos, Jr.	Council Member	
Michael Russo	Council Member	
	Business Administrator	
James J. Farina	City Clerk	
George DeStefano	Chief Financial Officer	
Louis Picardo	Tax Collector	\$750,000
Kimberly K. Glatt	Municipal Court Judge	
Cataldo Pazio	Municipal Court Judge	
Roseann Gohde	Municipal Court Administrator	
Michael Mongiello, Matthew Connelly	Municipal Prosecutors	
Scarinci & Hollenbeck, John J. Collins	City Attorneys	
Remington & Vernick	Engineer	

A Public Employee Dishonesty Bond, in the amount of \$1,000,000, covers all employees except those required to file statutory bonds.

CITY OF HOBOKEN, N.J.

Cash Receipts and Disbursements -Treasurer

Current Fund

Year Ended June 30, 2008

	Current Fund	Federal and State Grant Fund
Balance June 30, 2007	\$ 21,525,522	2,321,069
Increased by Receipts:		
Tax Collector	79,926,634	
Miscellaneous Revenue Not Anticipated	2,292,843	
Due From State of New Jersey	65,677	
Tax Title Liens	15,474	
Mortgage Receivable	127,506	
Revenue Accounts Receivable	49,922,329	
Tax Anticipation Notes	33,000,000	
Tax Overpayments	530,462	
Various Reserves	21,098	
Interfunds	5,829,756	1,167,856
Unappropriated Reserves for Grants		323,004
State and Federal Grants Receivable		4,782,282
Reserve for Urban Development Action Grant		2,650,000
	<u>171,731,779</u>	<u>8,923,142</u>
	193,257,301	11,244,211
Decreased by:		
Current Year Budget Appropriations	93,099,125	
Appropriation Reserves	967,793	
Tax Anticipation Notes	17,000,000	
Tax Overpayments	908,129	
County Taxes Payable	35,526,744	
Added Assessment Anticipated	1,727,692	
Local District School Taxes	34,700,000	
Various Reserves	23,969	
Interfunds	4,106,443	2,314,226
Grant Encumbrances		177,414
Appropriated Reserves for Grants		1,085,592
Reserve for Urban Development Action Grant		2,650,000
	<u>188,059,895</u>	<u>6,227,232</u>
Balance June 30, 2008	<u>\$ 5,197,406</u>	<u>5,016,979</u>

CITY OF HOBOKEN, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended June 30, 2008

Balance June 30, 2007	\$ <u>750</u>
Balance June 30, 2008	\$ <u><u>750</u></u>

CITY OF HOBOKEN, N.J.

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

Current Fund

Year Ended June 30, 2008

Balance June 30, 2007		\$	57,700
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	19,750	
Veterans' Deductions Per Tax Billing		41,625	
Senior Citizen's, Veteran's, and Disabled Allowed		<u>500</u>	
			<u>61,875</u>
			119,575
Decreased by:			
Senior Citizen Deductions Disallowed		9,349	
State Share of Senior Citizens and Veteran Deductions Received in Cash		<u>65,677</u>	
			<u>75,026</u>
Balance June 30, 2008		\$	<u><u>44,549</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended June 30, 2008

Year	Balance, June 30,	Levy	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, June 30,
	2007		2007	2008				2008
2006	960			960				
2007	1,122			1,122				
	2,082			2,082				
2008		107,043,886	156,403	79,924,552	52,526	34,865	272,244	26,603,296
\$	2,082	107,043,886	156,403	79,926,634	52,526	34,865	272,244	26,603,296

A

Analysis of Tax Levy

Tax yield:

General Purpose Tax	\$ 104,353,838
Added/Omitted Taxes	2,690,048
	<u>\$ 107,043,886</u>

Tax Levy:

Local District School Tax	\$ 34,700,000
County Tax	\$ 33,695,745
County Added and Omitted Taxes	938,470
Added Assessment Anticipated as Revenue	1,727,692
County Open Space Tax	892,529
	<u>37,254,436</u>
	71,954,436
Local Tax for Municipal Purposes	33,984,699
Additional Taxes	<u>1,104,751</u>
	<u>35,089,450</u>
	<u>\$ 107,043,886</u>

CITY OF HOBOKEN, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended June 30, 2008

Balance June 30, 2007	\$ 469,752
Increased by:	
Transfers from Taxes Receivable	<u>34,865</u>
	504,617
Decreased by:	
Cash Received	<u>15,474</u>
Balance June 30, 2008	<u>\$ 489,143</u>

Schedule of Property Acquired for Taxes

Current Fund

Year Ended June 30, 2008

Balance June 30, 2007	\$ <u>2,806,900</u>
Balance June 30, 2008	<u>\$ 2,806,900</u>

CITY OF HOBOKEN, N.J.
Schedule of Mortgage Receivable
Current Fund
Year Ended June 30, 2008

Balance June 30, 2007	\$	766,571
Decreased by:		
Cash Receipts		127,506
Balance June 30, 2008	\$	639,065

Schedule of Water Liens Receivable
Current Fund
Year Ended June 30, 2008

Balance June 30, 2007	\$	44,306
Increased by:		
Liens		1,948
Balance June 30, 2008	\$	46,254

CITY OF HOBOKEN, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended June 30, 2008

<u>Source</u>	<u>Balance June 30, 2007</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance June 30, 2008</u>
Clerk:				
Licenses and Fees:				
Alcoholic Beverages	\$	271,900	271,900	
Other		178,467	178,467	
Fees and Permits		280,638	280,638	
Zoning Board of Adjustment Fees		147,901	147,901	
Planning Board Fees		47,350	47,350	
Rent Leveling Fees		35,078	35,078	
Fines and Costs:				
Municipal Court	145,309	3,982,281	3,836,852	290,738
Other Fines and Costs				
Parking Tax		1,075,864	1,075,864	
Interest and Costs on Taxes		84,711	84,711	
Interest on Investments and Deposits		718,627	718,627	
Riverview Cablevision Associates		195,654	195,654	
Rents on City Owned Property		233,799	233,799	
Crosstown Bus Line		17,236	17,236	
SJP Properties - Block A-Phase I		1,071,984	1,071,984	
SJP Properties - Block A-Phase II		1,071,984	1,071,984	
SJP Properties/Applied - Block B		226,800	226,800	
Applied Development Co. - South Waterfront - Block C		1,235,072	1,235,072	
St. Mary's Hospital PILOT		20,000	20,000	
1300 Grand Street (Pilot Payment)		739,078	739,078	
Anticipated Parking Utility Operating Surplus		6,167,000	6,167,000	
Grogan Marineview Plaza		633,338	633,338	
Clocktowers		127,208	127,208	
Marion Towers Associates		175,190	175,190	
Church Towers Urban Renewal		463,404	463,404	
Columbian Towers		106,611	106,611	
Columbian Arms		39,055	39,055	
Hudson Square North		119,236	119,236	
Willow Avenue Associates - 800 - 812 Willow Avenue		117,545	117,545	
1200 Grand Street		1,138,476	1,138,476	
Applied Housing - 1203-1219 Willioiw Avenue		250,403	250,403	
Applied Housing - 1201-1221 Washington Estates		394,436	394,436	
Applied Housing - 1200-1220 Hudson Estates		409,022	409,022	
Applied Housing - 1301-1309 Bloomfield Estates		141,889	141,889	
Applied Housing - Midway 500-508 Adams Street		229,051	229,051	
Applied Housing - Elysian Estates		75,351	75,351	
Applied Housing - Church Square		117,723	117,723	
Applied Housing - Eastview Associates		123,392	123,392	
Applied Housing - Westview Associates		209,216	209,216	
Applied Housing - Northvale I - 911-923 Clinton Street		376,495	376,495	
Applied Housing - Northvale II - 901-919 Clinton Street		348,922	348,922	
Applied Housing - Northvale IIIA		82,751	82,751	
Applied Housing - Northvale III B - 1106-1014 Clinton Street		79,414	79,414	
Applied Housing - Northvale IV - 58 11th Street		16,430	16,430	
Consolidated Municipal Property Tax Relief Aid		13,140,833	13,140,833	
Legislative Initiative Municipal Block Grant		151,261	151,261	

CITY OF HOBOKEN, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended June 30, 2008

<u>Source</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>June 30, 2008</u>
Energy Receipts Tax		2,289,241	2,289,241	
Extraordinary Aid (N.J.S.A. 52:27D-118.35)		140,000	140,000	
Homeland Security Assistance Aid		309,753	309,753	
Uniform Construction Code Fees		758,124	758,124	
Uniform Fire Safety Act		42,087	42,087	
Capital Surplus		127,000	127,000	
Reserve, Outside-Duty Police Administration		140,000	140,000	
Sinatra Park Concession		20,424	20,424	
Sale of Municipal Garage		2,980,044	2,980,044	
Sale of Taxi Licenses		2,180,000	2,180,000	
Interfund Receivable		323,550	323,550	
1100 Adams Street (Pilot Payment)		803,986	803,986	
UDAG Funds - CD - Planning		2,650,000	2,650,000	
1001 Madison Street (Pilot Payment)		435,472	435,472	
	<u>\$ 145,309</u>	<u>50,067,758</u>	<u>49,922,329</u>	<u>290,738</u>

CITY OF HOBOKEN, N.J.

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2008

Description	Balance <u>June 30, 2007</u>	<u>Added</u>	Raised in 2008 <u>Budget</u>	Balance <u>June 30, 2008</u>
Overexpenditure of Appropriations	\$ 617,702	11,335,748	617,702	11,335,748
Deficit in Operations	604,597	24,436,125	604,597	24,436,125
Overexpenditure of Accounts Payable	36,621		36,621	
Emergency Authorization (N.J.S.A. 40A:4-47)	1,275,000		1,275,000	
Overexpenditure of Grant Appropriated Reserves		49,949		49,949
	<u>\$ 2,533,920</u>	<u>35,821,822</u>	<u>2,533,920</u>	<u>35,821,822</u>

CITY OF HOBOKEN, N.J.

Schedule of Grants Receivable

Current Fund

Year Ended June 30, 2008

	Balance, June 30, 2007	2008 Budget Revenue Realized	Collections	Transferred from Unappropriated Reserves	Adjustments	Balance, June 30, 2008
Click it Or Ticket	\$ 4,000		3,600			400
Roadway Improvements 2006	17,886					17,886
Public Health Priority Funding	58,796					58,796
State Cooperative Housing Inspection	3,215					3,215
SFY 2007 Roadway Improvements	450,000		450,000			
NFL Youth Football Grant	4,000					4,000
Roadway Improvements 8th Street	128,105		112,375			15,730
Recycling Tonnage	98,130					98,130
1118 Adams Street Urban Renewal	270,000					270,000
Save the Youth Grant	136,225		135,270			955
Hazardous Discharge Site	19,893					19,893
Public Health Priority Funding		5,909	5,909			
Home Support and Adult Daycare		66,482				66,482
Home Support and Adult Daycare		210,225				210,225
Summer Food Service		38,165	38,165			
Community Service Block Grant Admin		80,000	45,050			34,950
Safe Passage to Schools		100,000				100,000
State Local Cooperative Housing Inspection Program		79,000	41,504			37,496
Multi Service Center Replacement		150,000				150,000
Child Care Services		150,000				150,000
Family Planning Services		20,000				20,000
United Cerebral Palsy		2,000				2,000
FD Exhaust System		36,000	36,000			
City Recreation Program		10,000				10,000
Recycling Tonnage		136,132				136,132
2008 Click it or Ticket		4,000	4,000			
Library Computer Replacement		5,300	5,300			
Body Armor Replacement Fund		17,039	17,039			
Alcohol Education and Rehab		18,224		18,224		
COPS in school		22,800		22,800		
Body Amor Replacement Fund		9,928		9,928		
State Forestry Green Community Grant		2,000		2,000		
Adult Day Care		10,861		10,681		180
Domestic Violence Grant		5,000		5,000		
Drunk Driving Enforcement Grant		5,142		5,142		
Downtown Revitalization Program		125,555		125,555		
Public Healthcare Management Caregivers		99,382		99,382		
Summer Food Program		16,739		16,739		
Walk Safe Hoboken Pedestrians		2,000		2,000		
Comprehensive Program for the Elderly- DYFS		40,000		40,674	(674)	
Clean Communities - 2007		41,756		41,756		
12 Street Project and 20001 Clinton Street		18,497		18,497		
2005 Roadway Improvement Project		114,926		114,926		
State Aid Highway Hudson Place 2003		32,585		32,585		
State Aid Highway Hudson Place 2004		19,144		19,144		
State Aid Highway Street School District		125,551		12,551		113,000
Fire Department Grant		36,000		36,000		
Clean Communities - 2008		38,699	(41,756)			80,455
1600 Park Ave Development		300,000				300,000
Smart Growth Planning		60,000	45,000			15,000

CITY OF HOBOKEN, N.J.

Schedule of Grants Receivable

Current Fund

Year Ended June 30, 2008

	Balance, June 30, <u>2007</u>	2008 Budget Revenue <u>Realized</u>	<u>Collections</u>	Transferred from Unappropriated <u>Reserves</u>	<u>Adjustments</u>	Balance, June 30, <u>2008</u>
Municipal Alliance (County Share)		56,134	45,575			10,559
Municipal Alliance (City Share)		14,034				14,034
Jag 2007		19,120				19,120
Senior Emergency Funds		4,531	4,531			
Over the Limity Under Arrest 2007		5,000	4,900			100
2008 Pedestrian Safety Walk Safe		20,000	16,400			3,600
1600 Park Ave (Acquisition)		2,300,000	2,300,000			
1600 Park Ave (Land and Water)		1,513,420	1,513,420			
	<u>\$ 1,190,250</u>	<u>6,187,280</u>	<u>4,782,282</u>	<u>633,584</u>	<u>(674)</u>	<u>1,962,338</u>

CITY OF HOBOKEN, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended June 30, 2008

	Balance, June 30, <u>2007</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages:				
Within "CAPS":				
Mayor's Office	795	795		795
City Council	269	269		269
City Clerk	187	187		187
City Clerk - Elections	1	1		1
Business Administrator's Office	397	396		396
Purchasing	59	59		59
Personnel & Health Benefits	276	276		276
Constituent Services	85	85		85
Zoning Administration	146	146		146
Uniform Construction Code	113	113		113
Corporation Council	7	7		7
Revenues and Finance Director	61	61		61
Accounts and Control	86	86		86
Payroll	316	316		316
Tax Collections	6	6		6
Information Technology	66	66		66
Office of the Tax Assessor	58	58		58
Department of Human Services				
Director's Office	20	20		20
Rent Leveling	10	10		10
Housing Inspections	452	452		452
Transportation	10	10		10
Health	18	18		18
Senior Citizens	44	44		44
Recreation and Cultural Affairs	21	21		21
Department of Environmental Services				
Director's Office	96	96		96
Parks	44	44		44
Public Property	353	353		353
Central Garage	4	4		4
Sanitation	37	37		37
Department of Community Development				
Director's Office	375	375		375
Grants Management	421	421		421
Planning Board	619	619		619
Department of Public Safety				
Police	46	46		46
Office of Emergency Management	1	1		1
Municipal Court	21	21		21
Public Defender	150	150		150
Unclassified				
Alcoholic Beverage Control Board	100	100		100
Excluded from "CAPS":				
Maintenance of Free Public library	2,661	2,661		2,661

CITY OF HOBOKEN, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended June 30, 2008

	Balance, June 30, <u>2007</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses:				
Within "CAPS":				
Mayor's Office	41,538	57,380	47,792	9,588
City Council	169	169		169
City Clerk	470	993	748	245
City Clerk - Legal Advertising	369	3,843	3,756	87
City Clerk - Codification of Ordinances	348	5,237	4,889	348
City Clerk - Elections	28,799	41,920	36,428	5,492
Business Administrator's Office	315	851	536	315
Purchasing	934	1,857	1,133	724
Personnel & Health Benefits	996	996		996
Constituent Services	281	750	469	281
Zoning Administration	911	1,031	113	918
Uniform Construction Code	480	23,487	22,721	766
Corporation Council	43	753	710	43
Corporation Council - Special Council	290,554	304,215	302,371	1,844
Corporation Council - Expert Witness & Appraisal	95	8,200	8,105	95
Revenues and Finance Director	151	2,768	2,617	151
Annual Audit	9	9		9
Accounts and Control	595	2,095	1,670	425
Payroll	450	485	35	450
Tax Collections	70	2,450	2,380	70
Information Technology	3	3		3
Office of the Tax Assessor	304	8,108	7,804	304
Department of Human Services				
Director's Office	271	806		806
Rent Leveling	11	8,824	8,813	11
Housing Inspections	733	1,026	436	590
Transportation	365	486	150	336
Health	136	10,763	9,002	1,761
Senior Citizens	116	2,649	2,228	421
Hispanic and Minority Affairs	21	229		229
Recreation and Cultural Affairs	171	3,854	1,043	2,811
Department of Environmental Services				
Director's Office	201	1,032	957	75
Parks	64	4,008	3,821	187
Public Property	1,457	7,993	7,664	328
Streets and Roads		98,785	98,785	
Signal and Traffic	125	125		125
Central Garage	10,076	44,334	36,771	7,563
Sanitation	311	1,256	980	277
Department of Community Development				
Director's Office	169	2,119	1,000	1,119
Grants Management	235	625	390	235
Waterfront Development	36	2,115		2,115
Planning Board	162	207	45	162
Zoning Board of Adjustment	900	900		900
Historical Preservation Society	89	497	408	89

CITY OF HOBOKEN, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended June 30, 2008

	Balance, June 30, 2007	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Department of Public Safety				
Police	7	8,392	6,302	2,090
Police - Acquisition of Police Vehicles	160	1,027	867	160
Fire	5,494	33,764	33,620	145
Office of Emergency Management	357	357		357
Municipal Court	5,499	22,846	21,771	1,075
Public Defender	125	575	450	125
Insurance:				
General Liability	19,587	23,837	19,885	3,952
Workers Compensation	438	438		438
Unclassified				
Alcoholic Beverage Control Board	149	149		149
North Hudson Regional Council of Mayors	2	2		2
Claims against the City	44	44		44
Towing & Storage of Abandoned Vehicles	47	47	35	12
Unemployment Compensation Insurance	129	129		129
Engineering	638	638		638
Municipal Dues and Membership	273	604	585	19
Celebration of Public Events	23	2,987	2,119	868
Postage	343	343		343
Office Machines	74	74	64	10
Stationary & Office Supplies	236	236	229	8
Electricity	390	390		390
Street Lighting	723	723		723
Gasoline	1,757	1,757		1,757
Fuel	385	385		385
Water and Sewer	131	131		131
Communications	37	37		37
Telecommunication Equipment	1,210	1,660	450	1,210
Master Plan - Redevelopment	39	39		39
Salary Adjustment	22,600	22,600		22,600
Contingent	53	53		53
Excluded from "CAPS":				
Contribution to:				
Social Security System (O.A.S.I.)	33	33		33
Maintenance of Free Public library	76,257	286,900	264,647	22,253
Police/Firemen's Retirement	1,927	1,928		1,928
Capital Improvement Fund-Down Pmt on Improv.	8,865	8,865		8,865
Total Expenditures	\$ 539,996	1,090,652	967,793	122,859
Appropriation Reserves \$	539,996			
Encumbrances		550,656		
		\$ 1,090,652		

CITY OF HOBOKEN, N.J.

Schedule of Promissory Note - H.C.I.A.

Current Fund

Year Ended June 30, 2008

Balance June 30, 2007	\$ 766,571
Decreased by:	
Principal Payment	<u>127,506</u>
Balance June 30, 2008	<u>\$ 639,065</u>

Schedule of Tax Anticipation Notes Payable

Current Fund

Year Ended December 31, 2008

Balance June 30, 2007	\$ 17,000,000
Increased by:	
Cash Received	<u>33,000,000</u>
	50,000,000
Decreased by:	
Cash Disbursements	<u>17,000,000</u>
Balance June 30, 2008	<u>\$ 33,000,000</u>

CITY OF HOBOKEN, N.J.

Schedule of Tax Overpayments

Current Fund

Year Ended June 30, 2008

Balance June 30, 2007		\$	1,039,371
Increased by:			
Collections			<u>530,462</u>
			1,569,833
Decreased by:			
Overpayments Canceled	131,242		
Refunds	<u>908,129</u>		
			<u>1,039,371</u>
Balance June 30, 2008		\$	<u><u>530,462</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Current Fund

Year Ended June 30, 2008

<u>Fund</u>	Balance June 30, 2007	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2008
Federal and State Grant Fund	\$ 323,551		532,957	(209,406)
Trust Funds:				
Animal License Trust	5,769	9,016	5,769	9,016
Other Trust		76,592	11,075	65,517
O&M Trust Loan			1,500,000	(1,500,000)
Section 8 - Housing Assistance Program	35,421	28,472	35,421	28,472
General Capital Fund	(106,442)	4,244,042	4,187,600	(50,000)
	<u>258,299</u>	<u>4,358,122</u>	<u>6,272,822</u>	<u>(1,656,401)</u>
Interfund Receivable	364,741			103,005
Interfund Payable	<u>(106,442)</u>			<u>(1,759,406)</u>
	\$ <u>258,299</u>			<u>(1,656,401)</u>

Analysis of Changes

Receipts	\$	5,829,756
Disbursements	4,106,443	
Improvement Authorizations	126,999	
BAN Premiums	10,600	
Interest	105,064	
Statutory Excess	9,016	
State Fees		11,075
Capital Improvement Fund		177,000
Deferred Charges		26,490
Grants Appropriations		<u>228,501</u>
	\$	<u>4,358,122</u>
		<u>6,272,822</u>

CITY OF HOBOKEN, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended June 30, 2008

Increased by:

Levy	\$ 33,695,745
Open Space Preservation	892,529
Added and Omitted Assessments	938,470
Added Assessments Anticipated	<u>1,727,692</u>

37,254,436

Decreased by:

Payments	\$ <u>37,254,436</u>
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Schedule of Local District School Taxes Payable

Current Fund

Year Ended June 30, 2008

Increased by:

Levy	\$ <u>34,700,000</u>
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Decreased by:

Payments	\$ <u>34,700,000</u>
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CITY OF HOBOKEN, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended June 30, 2008

Balance June 30, 2007	\$ <u>152,039</u>
Decreased by:	
Applied to 2008 Taxes Receivable	\$ <u><u>152,039</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Various Reserve

Current Fund

Year Ended June 30, 2008

<u>Program</u>	Balance, June 30, 2007	Increased by	Decreased by	Balance, June 30, 2008
Ragamuffin Parade	\$ 7,306	1,400	1,400	7,306
Maintenance of Free Public Library with State Aid	63,464			63,464
911 Relief Fund	49,248			49,248
D.A.R.E.	8,964			8,964
Sinatra Park	23,241			23,241
Public Assistance	8,714			8,714
Tax Collector PILOT Account		405,803		405,803
PILOT - County Share	67,077			67,077
Due to State - Marriage License Fees	10,975	100	11,075	
Security Deposits Payable	4,000		4,000	
Reserve for POAA	13,694	19,599	18,569	14,724
Master Plan	113,268			113,268
	<u>\$ 369,951</u>	<u>426,902</u>	<u>35,044</u>	<u>761,809</u>
Receipts		21,099		
Tax Collector		405,803		
Disbursements			23,969	
Interfunds			11,075	
		<u>426,902</u>	<u>35,044</u>	

CITY OF HOBOKEN, N.J.

Schedule of Urban Development Action Grant Receivable/Reserve

Federal and State Grant Fund

Year Ended June 30, 2008

Balance June 30, 2007	\$ <u>2,650,000</u>
Decreased by:	
Received	\$ <u><u>2,650,000</u></u>

Schedule of Reserve for Municipal Alliance Grant

Federal and State Grant Fund

Year Ended June 30, 2008

Increased by:	
Reallocated from Other Trust Fund	\$ <u>23,459</u>
Decreased by:	
Payments	<u>15,747</u>
Balance June 30, 2008	\$ <u><u>7,712</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Year Ended June 30, 2008

<u>Program</u>	Balance, June 30, <u>2007</u>	<u>Received</u>	Anticipated Revenue in <u>2008</u>	Balance, June 30, <u>2008</u>
Alcohol Education and Rehab	\$ 18,224		18,224	
COPS in School	22,800		22,800	
Body Amor Replacement Fund	9,928		9,928	
State Forestry Green Community Grant	2,000		2,000	
Adult Day Care	10,681		10,681	
Domestic Violence Grant	5,000		5,000	
Drunk Driving Enforcement Grant	5,142		5,142	
Downtown Revitalization Program	125,555		125,555	
Public Healthcare Management Caregivers	99,382		99,382	
Summer Food Program	16,739		16,739	
Walk Safe Hoboken Pedestrians	2,000		2,000	
Computer Program for the Elderly - DYFS	40,674		40,674	
Clean Communities - 2007	41,756		41,756	
12 Street Project and 20001 Clinton Street	18,497		18,497	
2005 Roadway Improvement Project	114,926		114,926	
State Aid Highway Hudson Place 2003	32,585		32,585	
State Aid Highway Hudson Place 2004	19,144		19,144	
State Aid Highway Street School District	12,551		12,551	
Fire Department Grant	36,000		36,000	
Domestic Violence		1,250		1,250
Public Health Care		5,291		5,291
Public Healthcare Management Caregivers		118,921		118,921
Walk Safe Hoboken Pedestrians		8,000		8,000
Comp Prog Elderly		674		674
Clean Communities		85,304		85,304
Fire Department Grant		95,852		95,852
	<u>\$ 633,584</u>	<u>315,292</u>	<u>633,584</u>	<u>315,292</u>

CITY OF HOBOKEN, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Federal and State Grant Fund

Year Ended December 31, 2008

	Balance, June 30, <u>2007</u>	<u>Increase</u>	<u>Decrease</u>	Balance, June 30, <u>2008</u>
Current Fund	\$ (323,551)	532,957		209,406
General Capital Fund	<u>1,132,596</u>	<u>2,036,260</u>	<u>1,167,856</u>	<u>2,001,000</u>
	<u>809,045</u>	<u>2,569,217</u>	<u>1,167,856</u>	<u>2,210,406</u>
Interfund Receivable	1,132,596			2,210,406
Interfund Payable	<u>(323,551)</u>			<u> </u>
	<u>\$ 809,045</u>			<u>2,210,406</u>
Disbursements		\$ 2,314,226		
Receipts			1,167,856	
Deferred Charges		26,490		
Grants Appropriations		<u>228,501</u>		
		<u>2,569,217</u>	<u>1,167,856</u>	

CITY OF HOBOKEN, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended June 30, 2008

<u>Grant</u>	Balance, June 30, 2007	2008 Grants Budgeted	Expenditures	Re- allocations	Balance, June 30, 2008	Over- expenditures
Section 8 Housing Assistant Admin	125,000				125,000	
Walk Safe Pedestrian Grant	1,379				1,379	
Summer Food Service	7,897				7,897	
Roadway improvements 8th Street	60,376		18,727		41,649	
Save the Youth Grant	43,916		43,913		3	
NJ 2007 Body Armor Replacement Grant	14,359		11,261		3,098	
Clean Communities 2006	5,916		5,762		154	
NJ Youth Football Grant	8,000				8,000	
Special Purpose Fund-Church Square Gazebo	45,890		45,890			
Special Purpose Fund-Observer Highway Firehouse	84,041		2,225		81,816	
Special Purpose Fund-WWII Memorial	191,955		191,955			
Roadway Improvements 2006	202,516		10,737		191,779	
Roadway Improvements 2007	356,649		116,314		240,335	
NJDCA Urban Renewal 1118 Adams Street	188,750			81,250	270,000	
Public Health Priority Funding	6,212		13,270	2,850		4,208
Sept 11 Memorial	110,000		97,000		13,000	
NJ Hazardous Discharge	19,893		16,206		3,687	
Hudson County Open Space Grant	849,775			1,150,226	2,000,001	
Hazmat Donations	36,616				36,616	
NJDEP Stormwater			119			119
Castle Point						
Jackson St Proj 2000 Park						
Downtown Revival/2004 NJDOT			12,989			12,989
Public Health Priority Funding		5,909	677		5,232	
Home Support and Adult Daycare		66,482			66,482	
Home Support and Adult Daycare		210,225			210,225	
Summer Food Service		38,165	33,237		4,928	
Community Development Service Grant		80,000	80,000			
Safe Passage to Schools		100,000	100,000			
State Local Cooperative Housing Inspection Program		79,000	79,000			
Multi Service Center Replacement		150,000			150,000	
Child Care Services		150,000			150,000	
Family Planning Services		20,000			20,000	
United Cerebral Palsy		2,000			2,000	
FD Exhaust System		36,000	36,000			
City Recreation Program		10,000			10,000	
Recycling Tonnage		136,132			136,132	
2007 Click it or Ticket		4,000	4,000			
Library Computer Replacement		5,300	5,300			
Body Amor Replacement Fund		17,039	11,689		5,350	
Alcohol Education and Rehab		18,224			18,224	
COPS in School		22,800			22,800	
Body Amor Replacement Fund		9,928	4,165		5,763	

CITY OF HOBOKEN, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended June 30, 2008

Grant	Balance, June 30, <u>2007</u>	2008 Grants <u>Budgeted</u>	<u>Expenditures</u>	Re- <u>allocations</u>	Balance, June 30, <u>2008</u>	Over- <u>expenditures</u>
State Forestry Green Community Grant		2,000			2,000	
Adult Day Care		10,861			10,861	
Domestic Violence Grant		5,000	8,874			3,874
Drunk Driving Enforcement Grant				10,624	10,624	
Drunk Driving Enforcement Grant		5,142			5,142	
Downtown Revitalization Program		125,555			125,555	
Public Healthcare Management Caregivers		99,382	126,385	120,417	93,414	
Summer Food Program		16,739	10,371		6,368	
Walk Safe Hoboken Pedestrians		2,000	7,200			5,200
Computer Program for the Elderly - DYFS		40,000			40,000	
Clean Communities - 2007		41,756	36,587		5,169	
12 Street Project and 20001 Clinton Street		18,497			18,497	
2005 Roadway Improvement Project		114,926			114,926	
State Aid Highway Hudson Place 2003		32,585			32,585	
State Aid Highway Hudson Place 2004		19,144			19,144	
State Aid Highway Street School District		125,551			125,551	
Fire Department Grant		36,000			36,000	
Clean Communities 2008		38,699			38,699	
1600 Park Ave Development		300,000			300,000	
Smart Growth Planning		60,000			60,000	
Municipal Alliance (County Share)		56,134	57,026	14,034	13,142	
Municipal Alliance (City Share)		14,034			14,034	
Jag 2007		19,120	19,120			
Senior Emergency Funds		4,531	1,585		2,946	
Over the Limit Under Arrest 2007		5,000	5,100			100
2008 Pedestrian Safety Walk Safe		20,000	11,256		8,744	
1600 Park Ave (Acquisiton)		2,300,000			2,300,000	
1600 Park Ave (Land and water)		1,513,420			1,513,420	
Hudson County Open Space Grant	1,150,226			(1,150,226)		
	<u>\$ 3,509,366</u>	<u>6,187,280</u>	<u>1,223,940</u>	<u>229,175</u>	<u>8,728,371</u>	<u>26,490</u>
		Cash \$ 1,085,592				
		Encumbrances 138,348				
		<u>\$ 1,223,940</u>				

CITY OF HOBOKEN

Schedule of Cash - Treasurer

Trust Funds

Year ended June 30, 2008

	Animal License Fund	Other Trust Funds	Section 8 - Housing Assistance Program
Balance - June 30, 2007	\$ 23,045	4,669,170	1,324,219
Increased by:			
Animal License Fees	9,016		
Due to State of New Jersey -			
Dog License Fees	1,543		
Marriage Licenses		11,250	
Burial Permits		2,000	
Construction Code DCA Fees		56,003	
Due to Current Fund		81,030	
Various Reserves		33,873,600	
Due to Current - Interest on Non HUD Accounts			28,472
Community Development Block Grant Receipts			438,501
Reserve for Section 8 - Housing Assis. Program			64,668
Reserve for Section 8 - Housing Assis. Program Interest			9,158
	<u>10,559</u>	<u>34,023,883</u>	<u>540,799</u>
	<u>33,604</u>	<u>38,693,053</u>	<u>1,865,018</u>
Decreased by:			
Reserve for Animal License Expenditures			
Due to State of New Jersey	875	39,208	
Due to Current Fund	5,769	1,500,000	35,421
Re-Allocate Balance to Current Fund		108,698	
Various Reserves		33,737,996	
Reserve for Coummunity Development Block Grant			426,535
Section 8 - Housing Assistance Program			56,176
	<u>6,644</u>	<u>35,385,902</u>	<u>518,132</u>
Balance - June 30, 2008	\$ <u>26,960</u>	<u>3,307,151</u>	<u>1,346,886</u>

CITY OF HOBOKEN

Schedule of Reserve for Expenditures -
Animal License Fund

Trust Funds

Year ended June 30, 2008

Balance - June 30, 2007		\$	17,042
Increased by:			
Dog license fees	\$	8,360	
Late Fees		<u>656</u>	
			<u>9,016</u>
			26,058
Decreased by:			
Statutory Excess due to Current Fund			<u>9,016</u>
Balance - June 30, 2008		\$	<u><u>17,042</u></u>

<u>License Fees Collected</u>	
2007	8,917
2006	<u>8,125</u>
	\$ <u><u>17,042</u></u>

CITY OF HOBOKEN

**Schedule of Due to State of New Jersey-
Animal License Fees**

Trust Funds

Year ended June 30, 2008

Balance - June 30, 2007	\$	234
Increased by:		
2008 Fees Collected		<u>1,543</u>
		1,777
Decreased by:		
Payments to State of New Jersey		<u>875</u>
Balance - June 30, 2008	\$	<u><u>902</u></u>

CITY OF HOBOKEN

Schedule of Due to State of New Jersey
Trust Funds

Year ended June 30, 2008

	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>6/30/2008</u>
Marriage Licenses	\$ 22,325	8,150	14,175
Burial Permits	2,000	1,380	620
Construction Code DCA Fees	<u>60,441</u>	<u>29,678</u>	<u>30,763</u>
	<u>84,766</u>	<u>39,208</u>	<u>45,558</u>
Cash Receipts	69,253		
Due from Current Fund	15,513		
Cash Disbursements		<u>39,208</u>	
	<u>84,766</u>	<u>39,208</u>	

CITY OF HOBOKEN

Schedule of Amount Due to (from) Current Fund
Trust Funds

Year ended June 30, 2008

	Due to/(from) Balance <u>6/30/2007</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>6/30/2008</u>
Dog License Trust Fund	5,769	9,016	5,769	9,016
Section 8 - Housing Assistance Program	35,421	28,472	35,421	28,472
Other Trust Fund:				
O & M Fund			1,500,000	(1,500,000)
Escrow		47,580		47,580
Trust - Other		33,450	15,513	17,937
	<u>\$ 41,190</u>	<u>118,518</u>	<u>1,556,703</u>	<u>(1,396,995)</u>
Statutory Excess		9,016		
Marriage Licenses			11,075	
Construction Code DCA Fees			4,438	
Cash Disbursements			1,541,190	
Cash Receipts		<u>109,502</u>		
		<u>118,518</u>	<u>1,556,703</u>	

CITY OF HOBOKEN

Schedule of Miscellaneous Reserves

Trust Funds

Year ended June 30, 2008

	Balance, June 30, <u>2007</u>	<u>Increased</u>	<u>Decreased</u>	Balance, June 30, <u>2008</u>	<u>Over-</u> <u>expenditures</u>
Reserve for:					
CD's Cultural Affairs	\$	1,021	510	511	
150th Anniversary	27,962	3,325	22,781	8,506	
Community Resource Account	35,382			35,382	
Cultural Affairs Account	172,152	191,252	251,008	112,396	
Hurricane Relief Fund	501			501	
Police Outside Employment	99,487	1,003,425	1,002,288	100,624	
Hoboken PAL	8,130			8,130	
Hoboken PAL Hockey	2			2	
Police 5K Run	1,000			1,000	
OEP Investment	35,153			35,153	
Police Department Investigation	401			401	
Police Memorial Fund	90,043			90,043	
Girls Softball League	81			81	
Recreation Umpires	3,167		3,167		
Sept. 11th Memorial Fund	134,620	150	124,617	10,153	
Shade Tree Commission	536		67	469	
Unclaimed Bail	14,253	11,279	800	24,732	
Municipal Court Public Defender		1,416		1,416	
TAM Restaurant	5,266			5,266	
Ragamuffin Parade		8,450	2,282	6,168	
Save the Youth		14,295	12,806	1,489	
Fire Victims - Mc Swiggans		15,030	13,890	1,140	
Fire Education Fund	66,093	67,793	30,115	103,771	
Fire Regular Penalties	31,044	16,500	7,961	39,583	
Worker's Compensation	(2,450)	780,247	791,775		13,978
POAA Trust	653,057	110,032	30,646	732,443	
Miscellaneous	3,632		3,631	1	
Payroll Agency	(118,465)	27,785,275	27,795,066		128,256
Escrow	759,043	647,324	538,524	867,843	
Tax Sale Premiums	217,282	1,015,998	769,330	463,950	
Law Enforcement	122,546	92,275	80,632	134,189	
O & M Fund	1,459,723	602,022	496,750	1,564,995	
Wanaque RCA Escrow	30,893	68		30,961	
Green Township RCA Escrow	83,772	83,156	81,271	85,657	
Demarest RCA Escrow	1,311	53		1,364	
North Haledon RCA Escrow	32,416	788		33,204	
Hazmat	192,855	1,147	23,548	170,454	
Collector of Revenue Redemption Tru	114,586	1,488,447	1,458,615	144,418	
Tax Collector PILOT	108,698		108,698		
Block B Hoboken South Waterfront	276,946		276,946		
Municipal Superiors Association	8,052	13,862		21,914	
	\$ <u>4,669,170</u>	<u>33,954,630</u>	<u>33,927,724</u>	<u>4,838,310</u>	<u>142,234</u>
Cash Receipts		33,954,630			
Cash Disbursements			33,737,996		
Re-allocate to Current Fund			108,698		
Due from/to Current Fund			81,030		
		<u>33,954,630</u>	<u>33,927,724</u>		

CITY OF HOBOKEN

Section 8 - Housing Assistance Program

Schedule of Reserves for Section 8 - Housing Assistance Program

Year ended June 30, 2008

Balance - June 30, 2007	\$ 1,221,561
Increased by:	
Interest Earnings	9,158
Program Receipts	<u>64,668</u>
	1,295,387
Decreased by:	
Due to Grantor - Program Closeouts	8
Program Expenditures	<u>56,176</u>
Balance - June 30, 2008	<u><u>\$ 1,239,203</u></u>

Section 8 - Housing Assistance Program

Schedule of Due to Grantor

Year ended June 30, 2008

Balance - June 30, 2007	\$ 47,711
Increased by:	
Program Closeouts	<u>8</u>
Balance - June 30, 2008	<u><u>47,719</u></u>

CITY OF HOBOKEN

Section 8 - Housing Assistance Program

Schedule of Due to Community Development Block Grant Trust Fund

Year ended June 30, 2008

Balance - June 30, 2007		\$	19,526
Increased by:			
City Contribution to Community Development	55,000		
Cash Receipts	<u>383,501</u>		
			<u>438,501</u>
			458,027
Decreased by:			
Cash Disbursements			<u>426,535</u>
Balance - June 30, 2008		\$	<u><u>31,492</u></u>

Community Development Block Grant Trust Fund

Schedule of Due from Section 8 - Housing Assistance Program

Year ended June 30, 2008

Balance - June 30, 2007		\$	19,526
Increased by:			
City Contribution to Community Development	55,000		
Cash Receipts	<u>383,501</u>		
			<u>438,501</u>
			458,027
Decreased by:			
Cash Disbursements			<u>426,535</u>
Balance - June 30, 2008		\$	<u><u>31,492</u></u>

CITY OF HOBOKEN

Community Development Block Grant Trust Fund

Schedule of Reserve for Community Development Block Grant

Year ended June 30, 2008

Balance - June 30, 2007	\$ 432,477
Increased by:	
Grant Awards	<u>467,000</u>
	899,477
Decreased by:	
Payments made by Section 8 - Housing Assistance Program	<u>426,535</u>
Balance - June 30, 2008	<u>\$ 472,942</u>

Community Development Block Grant Trust Fund

Schedule of Community Development Block Grant Receivable

Year ended June 30, 2008

Balance - June 30, 2007	\$ 412,951
Increased by:	
Grant Awards	<u>412,000</u>
	824,951
Decreased by:	
Cash Receipts	<u>383,501</u>
Balance - June 30, 2008	<u>\$ 441,450</u>

CITY OF HOBOKEN, N.J.

Schedule of Cash

General Capital Fund

Year Ended June 30, 2008

Balance, June 30, 2007		\$	4,550,595
Increased by Receipts:			
Grants	\$	6,898,547	
Interfunds		6,170,933	
Premium on Bond Anticipation Notes		13,760	
Bond Anticipation Notes		22,200,000	
Schedule of Reserves		<u>23,307</u>	
			<u>35,306,547</u>
			39,857,142
Decreased by Disbursements:			
Improvement Authorizations		9,992,464	
Interfunds		7,170,085	
Bond Anticipation Notes		958,302	
Reserve for Encumbrances		177,454	
Schedule of Reserves		<u>17,200,000</u>	
			<u>35,498,305</u>
Balance, June 30, 2008		\$	<u><u>4,358,837</u></u>

CITY OF HOBOKEN, N.J.

Analysis of Cash

General Capital Fund

Year Ended June 30, 2008

Reserve for Receivables	\$ 31,526,755
Reserve for Payment of Notes	10,903,712
Reserve for Payment of Certificates of Participation	5,678
Interfund Accounts Payable	2,001,000
Reserve for Encumbrances	294,881
Capital Improvement Fund	177,000
Fund Balance	14,404
Grants Receivable	(24,628,208)
Due from Current Fund	(50,000)
Due from Parking Utility Operating Fund	(1,974,000)
Contract Awarded without Appropriation	(11,526,755)
Green Acres Loans	

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
P184	Acquisition of Fire Apparatus	143,943
R13	Reconstruction & Renovation of Certain Piers	1,021,295
	Bond Ordinance for Tax Overpayment Refunds	(267,836)
	Creation of North Park	(371,667)
R85	Creation of Castle Point Park	185,830
R301	Multi-Service Center	8,445
R301	Elysian Park	106
R302	Improvements - City Hall	121,527
R433	Removal & Closure of Underground Storage Tanks	53,492
DR42	Various Projects and Improvements:	
	Underground Storage Tanks	1,317
	Police Headquarters	60,000
	Acquisition of Fire Engines	7,902
	Improvement to City Parks	8,930
DR304	Land Parcel Acquisition	156,007
DR233	Improvements of Buildings and Equipment	619,588
DR233	Acquisition of Vehicles and Equipment	(2)
DR621/337	Various Road Improvements	(1,082,224)
DR326	Reconstruction of Pier C	(3,052,283)
		<u>\$ 4,358,837</u>

CITY OF HOBOKEN, N.J.
Schedule of Grants Receivable
General Capital Fund
Year Ended June 30, 2008

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance, June 30, 2007</u>	<u>Awarded</u>	<u>Decreased</u>	<u>Balance, June 30, 2008</u>
	Port Authority:				
DR-326	Reconstruction of Pier C	\$	17,479,834	6,514,630	10,965,204
	New Jersey Department of Environmental Protection:				
DR-326	Reconstruction of Pier C		2,520,166	110,166	2,410,000
	New Jersey State Highway Facilities Grant:				
	Reserve for Maxwell Place Walkway		8,465,493	273,751	8,191,742
	Developer's Share:				
	Reserve for Maxwell Place Walkway	_____	3,061,262	_____	3,061,262
		_____	<u>31,526,755</u>	<u>6,898,547</u>	<u>24,628,208</u>

CITY OF HOBOKEN, N.J.

Schedule of Deferred Charges to Future
Taxation - Funded

General Capital Fund

Year Ended June 30, 2008

Balance, June 30, 2007		\$ 47,870,428
Decreased by:		
Bonds Paid by Current Year		
Budget Appropriations	\$ 2,760,000	
Green Acres Loans Paid by Current		
Current Year Budget Appropriations	154,895	
Underground Storage Tank Loans Paid by Current		
Year Budget Appropriations	<u>24,473</u>	
		<u>2,939,368</u>
Balance, June 30, 2008		\$ <u>44,931,060</u>

CITY OF HOBOKEN, N.J.

Schedule of Deferred Charges to
Future Taxation - Unfunded

General Capital Fund

Year Ended June 30, 2008

Ordinance Number	Improvement Description	Balance June 30, 2007	Authorizations	Funded	Balance June 30, 2008	Analysis of Balance - June 30, 2008		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
<u>General improvements:</u>								
P184	Acquisition of Fire Apparatus	\$ 81,600		81,600				
	Public Safety Facility	2,000		2,000				
R13	Reconstruction & Renovation of Certain Piers	968,900		156,400	812,500	812,500		
	Creation of North Park	371,667			371,667		371,667	
	Bond Ordinance for Tax Overpayment Refunds	267,836			267,836		267,836	
DR42	Various Projects and Improvements	4,987,500			4,987,500	4,987,500		
DR233	Improvements of Buildings and Equipment	3,300,000			3,300,000	3,300,000		
DR233	Acquisition of Vehicles and Equipment	1,100,000			1,100,000	1,100,000		
DR304	Land Parcel Acquisition	7,000,000			7,000,000	7,000,000		
DR621/337	Various Road Improvements	1,900,000			1,900,000		1,082,224	817,776
DR326	Reconstruction of Pier C		20,000,000		20,000,000	5,000,000	3,052,283	11,947,717
		<u>\$ 19,979,503</u>	<u>20,000,000</u>	<u>240,000</u>	<u>39,739,503</u>	<u>22,200,000</u>	<u>4,774,010</u>	<u>12,765,493</u>
	Paydown of BANs			\$ 240,000				14,406,335
				<u>\$ 240,000</u>				
								Less: Unexpended Bond Anticipation
								Note Proceeds:
						Ordinance	R13	812,500
							DR42	52,749
							DR233	619,586
							DR233	156,007
								<u>1,640,842</u>
								<u>\$ 12,765,493</u>

CITY OF HOBOKEN, N.J.

Schedule of Interfund Due from/(to) Various Funds

General Capital Fund

Year Ended June 30, 2008

	Balance June 30, <u>2007</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2008</u>
Current Fund	\$ 106,442	4,187,600	4,244,042	50,000
Federal & State Grants Fund	(1,132,595)	1,185,485	2,053,890	(2,001,000)
Parking Utility Capital Fund	<u> </u>	<u>1,974,000</u>	<u> </u>	<u>1,974,000</u>
	<u>\$ (1,026,153)</u>	<u>7,347,085</u>	<u>6,297,932</u>	<u>23,000</u>
Disbursements		\$ 7,170,085		
Receipts			6,160,333	
Improvement Authorizations			126,999	
Premium on Sale of BANs			10,600	
Budget-Capital Improvement Fund		<u>177,000</u>	<u> </u>	
		<u>\$ 7,347,085</u>	<u>6,297,932</u>	

CITY OF HOBOKEN, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended June 30, 2008

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, June 30, 2008		Interest Rate	Balance June 30, 2007	Issued	Decreased	Balance June 30, 2008
			Date	Amount					
Early Retirement Pension Refunding Bonds	Aug. 1, 2003	\$ 7,382,000	04/01/09	25,000	5.45%	\$ 7,382,442		10,000	7,372,442
			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%							
Qualified General Improvement Refunding Bonds, Tax Exempt Series 2003B	Nov. 1, 2003	\$ 38,325,000	02/01/09	2,860,000	5.45%	38,325,000		2,750,000	35,575,000
			02/01/10	2,970,000	5.45%				
			02/01/11	3,090,000	5.45%				
			02/01/12	3,250,000	5.45%				
			02/01/13	3,415,000	5.45%				
			02/01/14	19,990,000	6.00%				
						\$ 45,707,442	2,760,000	42,947,442	

CITY OF HOBOKEN, N.J.
Schedule of Bond Anticipation Notes Payable
General Capital Fund
Year Ended June 30, 2008

Ordinance Number	<u>Improvement Description</u>	Date of Original <u>Issue</u>	Date of <u>Issue</u>	Date of <u>Maturity</u>	Interest <u>Rate</u>	Balance <u>June 30, 2007</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>June 30, 2008</u>
	Various Improvements	6,255,000	1/21/2004	9/12/2008	3.90%	\$ 6,040,000	5,800,000	6,040,000	5,800,000
	Acquisition of Land, Vehicles & Equipment	8,100,000	1/30/2006	9/12/2008	3.90%	8,100,000	8,100,000	8,100,000	8,100,000
	Improvement to City Buildings & Parks	3,300,000	4/18/2006	9/12/2008	3.90%	3,300,000	3,300,000	3,300,000	3,300,000
DR326	Reconstruction of Pier C	5,000,000	12/28/2007	12/22/2008	3.50%	<u>5,000,000</u>			<u>5,000,000</u>
						<u>\$ 17,440,000</u>	<u>22,200,000</u>	<u>17,440,000</u>	<u>22,200,000</u>
							Cash		\$ 5,000,000
							Renewed	17,200,000	17,200,000
							Budget Appropriation	<u>240,000</u>	
								<u>\$ 22,200,000</u>	<u>17,440,000</u>

CITY OF HOBOKEN, N.J.

Schedule of Green Acres Loans Payable

General Capital Fund

Year Ended June 30, 2008

Balance, June 30, 2007	\$ 2,065,094
Decreased by:	
Payment	<u>154,896</u>
Balance, June 30, 2008	<u><u>1,910,198</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Underground Storage Tank Loan Payable

General Capital Fund

Year Ended June 30, 2008

	Original Issue		Maturities of Loans Outstanding, June 30, 2008		Interest Rate	Balance June 30, 2007	Increased	Decreased	Balance June 30, 2008
	Date	Amount	Date	Amount					
Remediation of Underground Storage Tank	02/01/02	\$ 244,735	02/01/09	24,473	*	\$ 97,892		24,472	73,420
			02/01/10	24,473	*				
			02/01/11	24,473	*				
						\$ 97,892		24,472	73,420

* - Interest free

CITY OF HOBOKEN, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended June 30, 2008

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance June 30, 2007		Authorizations	Paid or Charged	Reclass	Balance June 30, 2008		
				Funded	Unfunded				Funded	Unfunded	
	<i>General Improvements:</i>										
P184	Acquisition of Fire Apparatus	07/15/92	\$ 900,000		143,943					143,943	
R13	Reconstruction & Renovation of Certain Piers	11/15/93	4,200,000	52,395	968,900					208,795	812,500
R85	Creation of Castle Point Park	10/09/97	4,175,000	330,671			144,841			185,830	
R301	Multi-Service Center	03/18/98	57,550	8,445						8,445	
R301	Elysian Park	03/18/98	11,300	106						106	
R302	Improvements - City Hall	04/01/98	156,000	182,849			61,322			121,527	
R433	Removal & Closure of Underground Storage Tanks	06/07/00	244,735	64,368			10,876			53,492	
DR42	<i>Various Projects and Improvements:</i>										
	City Hall		945,000								
	Underground Storage Tanks		105,000		1,317						1,317
	Police Headquarters		210,000	10,500	49,500					10,500	49,500
	Acquisition of Fire Engines		840,000	5,970	1,932					5,970	1,932
	Acquisition of Equipment & Vehicles		367,500		498			(498)			
	Improvement to City Parks		420,000				(8,930)			8,930	
DR304	Land Parcel Acquisition	12/15/02	10,000,000		165,642		9,635				156,007
DR233	Improvements of Buildings and Equipment	12/15/05	3,465,000		2,316,517		1,696,929				619,588
DR233	Acquisition of Vehicles and Equipment	12/15/02	1,155,000		309,265		309,765	498			(2)
DR621/337	Various Road Improvements	06/16/06	2,000,000		828,399		10,623				817,776
DR326	Reconstruction of Pier C	09/19/07	20,000,000			20,000,000	8,052,283				11,947,717
				\$ 655,304	4,785,913	20,000,000	10,287,344			747,538	14,406,335
							Cash	9,992,464			
							Encumbrances	294,880			
								10,287,344			

CITY OF HOBOKEN, N.J.

Schedule of Reserve for Encumbrances

General Capital Fund

Year Ended June 30, 2008

Balance, June 30, 2007	\$ 177,455
Increased by:	
Improvement Authorizations	\$ <u>294,880</u>
	472,335
Decreased by:	
Payments	<u>177,454</u>
Balance, June 30, 2008	\$ <u><u>294,881</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended June 30, 2008

Increased by:	
Budget appropriation	\$ <u>177,000</u>
 Balance, June 30, 2008	 \$ <u><u>177,000</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Reserves

General Capital Fund

Year Ended June 30, 2008

	Balance June 30, <u>2007</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2008</u>
Reserve for:				
Hazmat Fund	\$ 17,630			17,630
Payment of BANs - ADA Library	100,000	17,629		117,629
Green Acres	200,000			200,000
COPs Agreement		5,678		5,678
Maxwell Place Walkway		<u>11,526,755</u>	<u>958,302</u>	<u>10,568,453</u>
	<u>\$ 317,630</u>	<u>11,550,062</u>	<u>958,302</u>	<u>10,909,390</u>
		Cash 23,307	958,302	
Reserve for Receivables		<u>11,526,755</u>		
		<u>11,550,062</u>	<u>958,302</u>	

CITY OF HOBOKEN, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended June 30, 2008

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance June 30, 2007</u>	<u>Authorizations</u>	<u>Decreased</u>	<u>Balance June 30, 2008</u>
<u>General Improvements:</u>					
	Creation of North Park	267,836			267,836
	Bond Ordinance for Tax Overpayment Refunds	371,667			371,667
DR621/337	Various Road Improvements	1,900,000			1,900,000
DR326	Reconstruction of Pier C		<u>20,000,000</u>	<u>5,000,000</u>	<u>15,000,000</u>
		<u>\$ 2,539,503</u>	<u>20,000,000</u>	<u>5,000,000</u>	<u>17,539,503</u>
			BANs	<u>\$ 5,000,000</u>	

CITY OF HOBOKEN, N.J.

Schedule of Cash - Treasurer

Parking Utility Operating Fund

Year ended June 30, 2008

	<u>Operating</u>
Balance, June 30, 2007	\$ <u>1,690,181</u>
Increased by Receipts:	
Budgeted Revenues	<u>12,926,709</u>
	14,616,890
Decreased by Disbursements:	
2008 Appropriations	13,500,591
2007 Appropriation Reserves	<u>887,862</u>
	<u>14,388,453</u>
Balance, June 30, 2008	\$ <u><u>228,437</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Deferred Charges

Parking Utility Operating Fund

June 30, 2008

Balance - June 30, 2007	\$ 158,731
Increased By:	
Overexpenditure of Appropriation Reserves	<u>887,862</u>
	1,046,593
Decreased By:	
Amount Raised in Budget	<u>158,731</u>
Balance - June 30, 2008	<u><u>887,862</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Fixed Capital

Parking Utility Capital Fund

Year ended June 30, 2008

Balance, June 30, 2007	\$ 42,957,185
Increased By:	
Improvement Authorizations	<u>2,200,000</u>
Balance, June 30, 2008	<u><u>\$ 45,157,185</u></u>

CITY OF HOBOKEN, N.J.
Schedule of Security Deposits
Parking Utility Operating Fund
Year ended June 30, 2008

Balance, June 30, 2007	\$ <u>233,776</u>
Balance, June 30, 2008	\$ <u><u>233,776</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Accrued Interest Payable

Parking Utility Operating Fund

Year ended June 30, 2008

Balance - June 30, 2007		\$	784,441
Increased By:			
Interest on Bonds	1,095,751		
Interest on Notes	<u>226,100</u>		
			<u>1,321,851</u>
			2,106,292
Decreased By:			
Interest Paid on Bonds	1,652,984		
Interest Paid on Notes	<u>227,208</u>		
			<u>1,880,192</u>
Balance - June 30, 2008			<u><u>226,100</u></u>

Analysis of Accrued Interest Payable at June 30, 2008:

	<u>Outstanding</u> <u>Principal</u>	<u>Interest</u> <u>Rate</u>	<u>Terms</u>	<u>Accrued</u> <u>Interest</u>
Bond Anticipation Notes	\$ 4,800,000	5.95%	9/15/07 - 6/30/08	226,100

CITY OF HOBOKEN, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Parking Utility Capital Fund

Year ended June 30, 2008

	<u>Increased</u>	Balance, June 30, <u>2008</u>
General Capital Fund	<u>1,974,000</u>	<u>1,974,000</u>
Disbursement by General Capital \$	<u>1,974,000</u>	

CITY OF HOBOKEN, N.J.

Schedule of Improvement Authorizations

Parking Utility Capital Fund

Year ended June 30, 2008

Ordinance number	Improvement description	Ordinance		2008 Authorizations	Expended	Balance, June. 30, 2008	
		Date	Amount			Funded	Unfunded
Unknown	Improvements to Parking Garage	December 19, 2007	2,200,000	<u>2,200,000</u>	<u>1,974,000</u>		<u>226,000</u>
				\$ <u>2,200,000</u>	<u>1,974,000</u>		<u>226,000</u>

CITY OF HOBOKEN, N.J.
Schedule of Bond Anticipation Notes Payable
Parking Utility Capital Fund
Year Ended June 30, 2008

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance June 30, 2007</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance June 30, 2008</u>
????	Parking Utility Notes Series 2005A	December 1, 2005	December 1, 2005	September 15, 2007	5.74%	\$ 5,000,000		5,000,000	
????	Parking Utility Notes Series 2007A	September 14, 2007	September 14, 2007	September 12, 2008	5.95%		4,800,000		4,800,000
						<u>\$ 5,000,000</u>	<u>4,800,000</u>	<u>5,000,000</u>	<u>4,800,000</u>

CITY OF HOBOKEN, N.J.

Schedule of Parking Utility Serial Bonds

Parking Utility Capital Fund

Year ended June 30, 2008

<u>Purpose</u>	<u>Date of issue</u>	<u>Original issue</u>	<u>Maturities of bonds outstanding, June 30, 2008</u>		<u>Interest rate</u>	<u>Balance, June 30, 2007</u>	<u>Decreased</u>	<u>Balance, June 30, 2008</u>
			<u>Date</u>	<u>Amount</u>				
Parking Utility General Obligation Bonds - Series 2002	December 31, 1998	26,530,000	December 31, 2009	1,020,000	3.800%	\$ 22,935,000	985,000	21,950,000
			December 31, 2010	1,075,000	5.060%			
			December 31, 2011	1,125,000	5.060%			
			December 31, 2012	1,185,000	5.060%			
			December 31, 2013	1,250,000	5.060%			
			December 31, 2014	1,270,000	4.000%			
			December 31, 2015	1,320,000	5.250%			
			December 31, 2016	1,390,000	5.250%			
			December 31, 2017	1,460,000	5.250%			
			December 31, 2018	1,540,000	5.250%			
			December 31, 2019	1,690,000	4.75-5.00%			
			December 31, 2020	1,770,000	4.75-5.00%			
			December 31, 2021	1,860,000	4.75-5.00%			
			December 31, 2022	1,950,000	4.75-5.00%			
			December 31, 2023	2,045,000	4.75-5.00%			
						<u>\$ 22,935,000</u>	<u>985,000</u>	<u>21,950,000</u>

CITY OF HOBOKEN, N.J.

Schedule of Reserve for Amortization

Parking Utility Capital Fund

Year ended June 30, 2008

Balance, June 30, 2007		\$ 15,022,185
Increased by:		
Payment of Serial Bond Principal	\$ 985,000	
Payment of Bond Anticipation Note Principal	<u>5,000,000</u>	
		<u>5,985,000</u>
		21,007,185
Decreased by:		
Notes Issued		<u>4,800,000</u>
Balance, June 30, 2008		<u><u>\$ 16,207,185</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Parking Utility Capital Fund

Year ended June 30, 2008

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Balance June 30, 2007</u>	<u>2008 Authorizations</u>	<u>Balance June 30, 2008</u>
????	Improvements to Parking Garage	12/19/07	2,200,000		2,200,000	2,200,000
				\$	2,200,000	2,200,000

CITY OF HOBOKEN

LETTERS ON COMPLIANCE AND ON INTERNAL CONTROL

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED JUNE 30, 2008

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

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

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

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

REPORT ON 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
County of Hudson, New Jersey

We have audited the financial statements-regulatory basis of the City of Hoboken in the County of Hudson as of and for the year ended June 30, 2008, and have issued our report thereon dated January 27, 2009. Our report disclosed that, as described in note 1 to the financial statements-regulatory basis, the City of Hoboken prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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



Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we might consider to be significant deficiencies.

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

- Inadequate overall internal control design.
- Absence of appropriate segregation of duties consistent with appropriate control objectives.
- Inadequate procedures for appropriately assessing and applying accounting principles.
- Failure of controls designed to safeguard assets from loss, damage or misappropriation.

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

However, of the significant deficiencies noted above, we consider finding 2008-4 to be a material weakness.

Compliance and Other Matters

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

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

Honorable Mayor and
Members of the City Council
Page 3.

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



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



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

January 27, 2009



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

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

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

Compliance

We have audited the compliance of the City of Hoboken, County of Hudson, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended June 30, 2008. The City of Hoboken's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal and state programs is the responsibility of the City of Hoboken's management. Our responsibility is to express an opinion on the City of Hoboken's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; and the provisions of the New Jersey State Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Those standards and OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal and state programs occurred. An audit includes examining, on a test basis, evidence about the City of Hoboken'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 of Hoboken's compliance with those requirements.

In our opinion, the City of Hoboken complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2008.



Internal Control Over Compliance

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

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

- Inadequate overall internal control design.
- Absence of appropriate segregation of duties consistent with appropriate control objectives.
- Inadequate procedures for appropriately assessing and applying accounting principles.
- Evidence that employees or management lack the qualifications and training to fulfill their assigned functions.
- Failure of controls designed to safeguard assets from loss, damage or misappropriation.

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

However, of the significant deficiencies noted above, we consider finding 2008-4 to be a material weakness.

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

Honorable Mayor and
Members of the City Council
Page 3.

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



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



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

January 27, 2009



CITY OF HOBOKEN, N.J.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

<u>Program</u>	<u>CFDA number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2007</u>	<u>Cash Received</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Deferred Revenue/ (Accounts Receivable) at June 30, 2008</u>	<u>MEMO Cumulative Total Expenditures</u>
<u>Federal Grantor Pass Through Grantor Program Title:</u>									
Dept. of Housing and Urban Development:									
Direct:									
Section 8 Housing Assistance Program	14.218	Prior Year	8,353,299	125,000				125,000	*
Total Direct Programs			8,353,299	125,000				125,000	*
Passed Through Hudson County Dept. of Finance and Admin:									
Community Development Block Grant - 2000	14.218		235,890						*
Community Development Block Grant - 2001	14.218		595,420						*
Community Development Block Grant - 2003	14.218		551,392		60,000	60,000			*
Community Development Block Grant - 2005	14.218		447,000		69,198	38,425		30,773	*
Community Development Block Grant - 2006	14.218		489,400	(188,499)	250,000	70,320		(8,819)	*
Community Development Block Grant - 2007	14.218		412,000		262,000	202,790	150,000	209,210	*
Community Development Block Grant - 2007 Admin. Costs	14.218		55,000		55,000	55,000			*
Total Pass-Through Programs			2,786,102	(188,499)	696,198	426,535	150,000	231,164	*
Total U.S. Dept. of Housing and Urban Development			11,139,401	(63,499)	696,198	426,535	150,000	356,164	*
Dept. Of Justice:									
Direct:									
Public Safety Partnership and Community Policing Grants									
COPS in Schools	16.710	2007	22,800	22,800				22,800	*
Secure Our Schools	16.710		269,269						*
Safe School and Community - 2005	16.710		38,949						*
Justice Assistant Grant	N/A		14,431						*
Subtotal Public Safety Partnership and Community Policing Grants			345,449	22,800				22,800	*
Save the Youth Grant	16.540		197,446	(92,309)	135,270	43,913		(952)	*
Total Direct Programs			542,895	(69,509)	135,270	43,913		21,848	*
Department of Agriculture:									
Passed Through the NJ Department of Agriculture									
Summer Food Service	10.559	Prior Year		7,897				7,897	*
Summer Food Service	10.559	2007	16,739	16,739		10,371		6,368	*
Summer Food Service	10.559	2008	38,165		38,165	33,237		4,928	*
			54,904	24,636	38,165	43,608		19,193	*

CITY OF HOBOKEN, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2008

Grant number	Grant period	Award Amount	Balance June 30, 2007	Cash Received	Budgetary Expenditures	Re-Allocations	Deferred Revenue/ (Accounts Receivable) at June 30, 2008	MEMO Cumulative Total Expenditures
Federal and State Grant Fund								
Department of Community Affairs								
Domestic Violence	N/A	Prior Year					*	10,090
Domestic Violence	N/A	2007	5,000	5,000	5,000		*	5,000
Domestic Violence	N/A	2008	1,250	1,250			1,250	*
Protection and Prevention Grant	N/A	Prior Year					*	1,500
State Cooperative Housing Inspections	N/A		64,000	(3,215)			(3,215)	*
State Cooperative Housing Inspections	N/A	2008	79,000	41,504	79,000		(37,496)	*
Multi Service Center Replacement	N/A	2008	150,000				*	
Child Care Services	N/A	2008	150,000				*	
Family Planning Services	N/A	2008	20,000				*	
1118 Adams Street Urban Renewal	04-1955-00	2,250,000	(81,250)			81,250	*	1,980,000
Total Dept. Of Community Affairs			(79,465)	42,754	84,000	81,250	(39,461)	2,139,590
Dept. of Environmental Protection								
Clean Communities Program - 2006	N/A	35,734	5,916		5,762		154	35,580
Clean Communities Program - 2007	N/A	41,756	41,756		36,587		5,169	36,587
Clean Communities Program - 2008	N/A	80,455	38,699	(41,756)		(38,699)	(41,756)	*
Clean Communities Program	N/A	85,304		85,304			85,304	*
Storm Water Grant	N/A	Prior Year					*	7,538
Recycling Tonnage Grant	N/A		117,320	(98,130)			(98,130)	*
Recycling Tonnage Grant	N/A	2008	136,132				*	117,320
Hazardous Discharge Site Remediation	N/A		19,893		16,206		(16,206)	*
Community Forestry Programs	07-4870	2,000	2,000				2,000	*
Total Dept. of Environmental Protection			(9,759)	43,548	58,555	(38,699)	(63,465)	213,231
Dept of Health & Senior Services Direct								
Community Service Block Grant-Administration	N/A	2008	80,000	45,050	80,000		(34,950)	80,000
Public Healthcare Mgmt. Caregivers	N/A		120,417		27,003	120,417	93,414	27,003
Public Healthcare Mgmt. Caregivers	N/A		99,382	99,382	99,382		*	99,382
Public Healthcare Mgmt. Caregivers	N/A	2008	118,921	118,921			118,921	*
Public Health Priority Funding	N/A		58,796	(52,584)	9,062	2,850	(58,796)	58,796
Public Health Priority Funding	N/A	2007	5,909	5,909	677		5,232	677
Public Health Priority Funding	N/A	2008	5,291	5,291			5,291	*
Senior Emergency Funds	N/A	2008	4,531	4,531	1,585		2,946	1,585
Total Dept. of Health & Senior Services-Direct			46,798	179,702	217,709	123,267	132,058	267,443
Dept. of Law and Public Safety								
Body Amor Replacement Program	00-BA-0905	Prior Year	14,359	14,359	11,261		3,098	11,261
Body Amor Replacement Program - 2007	00-BA-0905	2007	9,928		4,165		(4,165)	4,165
Body Amor Replacement Program - 2008	00-BA-0905	2008	17,039	17,039	11,689		5,350	11,689
Body Amor Replacement Program	00-BA-0905	Prior Year					*	20,447
Click-It-Or-Ticket			4,000	(4,000)	3,600		(400)	4,000
Click-It-Or-Ticket		2008	4,000		4,000		*	4,000
Drunk Driving Enforcement Fund			10,624			10,624	10,624	*
Drunk Driving Enforcement Fund		2007	5,142	5,142			5,142	*
Over the Limit Under Arrest	N/A	2008	5,000	4,900	5,000		(100)	5,000
Total Dept. of Law and Public Safety			15,501	29,539	36,115	10,624	19,549	60,562
Dept. of Justice								
Alcohol Ed Rehab Enforcement Fund	N/A	2007	18,224	18,224			18,224	*
Byrne Justice Assistance Grant (JAG) Prosecutor	16.738	2007	19,120		19,120		(19,120)	19,120
Total Dept. of Justice			18,224		19,120		(896)	19,120

CITY OF HOBOKEN, N.J.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2008

Grant number	Grant period	Award Amount	Balance June 30, 2007	Cash Received	Budgetary Expenditures	Re-Allocations	Deferred Revenue/ (Accounts Receivable) at June 30, 2008	MEMO Cumulative Total Expenditures
<u>Department of Treasury</u>								
State Contingency Fund								
								*
Special Purpose Grant - 9/11/01 Memorial	N/A	110,000	110,000		97,000		13,000	97,000
Church Square Gazebo		100,000	45,890		45,890			100,000
Observer Hwy Firehouse		250,000	84,041		2,225		81,816	168,184
World War II Memorial		250,000	191,955		191,955			250,000
Madison Street Park		107,490						107,490
Summer in the Park		25,000						25,000
Fire Department Grant	2007	36,000	36,000				36,000	
Fire Department Grant	2008	95,852		95,852			95,852	
Fire Department Exhaust System	2008	36,000		36,000	36,000			36,000
Total State Contingency Fund			467,886	131,852	373,070		226,668	783,674
Other State Agencies:								
Smart Growth Planning	00-6334-00	60,000		45,000			45,000	
Total State Contingency Fund				45,000			45,000	
<u>General Capital Fund:</u>								
<u>NY/NJ Port Authority:</u>								
Reconstruction of Pier C	2008	17,479,834		6,514,630	7,942,117		(1,427,487)	7,942,117
Total NY/NJ Port Authority				6,514,630	7,942,117		(1,427,487)	7,942,117
<u>Dept. of Environmental Protection</u>								
Reconstruction of Pier C	2008	2,520,166		110,166	110,166			110,166
Total State Dept. of Environmental Protection				110,166	110,166			110,166
<u>Dept. of Highway Facilities:</u>								
Maxwell Place Walkway	2008	8,465,493		273,751	958,302		(684,551)	958,302
Total State Dept. of Highway Facilities				273,751	958,302		(684,551)	958,302
Total State Assistance			\$ 459,185	7,370,942	9,799,154	176,442	(1,792,585)	12,494,205
<u>Federal and State Grant Fund:</u>								
<u>Federal Grantor/Pass Through Grantor Program Title</u>								
Passed Through Hudson County Dept. of Finance and Administration:								
Hudson County Open Space Grant		2,000,000	2,000,001			(1)	2,000,000	
Municipal Alliance Program - County	2008	56,134		45,575	57,026	8,868	(2,583)	46,543
Municipal Alliance Program - City Match		14,034						9,004
Municipal Alliance Program - County	2009	7,712		7,712			7,712	
Adult Day Care		10,861	10,681				10,681	
Adult Day Care	2007	66,482						
Adult Day Care	2008	210,225						
United Cerebral Palsy	2008	2,000						
City Recreation Program	2008	10,000						
Library Computer Replacement	2008	5,300		5,300	5,300			5,300
Comprehensive Program for the Elderly		40,674	40,000				40,000	
Comprehensive Program for the Elderly		674		674			674	
Total Pass-Through Programs			2,050,682	59,261	62,326	8,867	2,056,484	60,847

CITY OF HOBOKEN, N.J.
Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2008

<u>Grant number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Balance June 30, 2007</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Re-Allocations</u>	<u>Deferred Revenue/ (Accounts Receivable) at June 30, 2008</u>	<u>MEMO Cumulative Total Expenditures</u>
Other Direct Programs:								
Fire Department Hazmat Donations		36,616	36,616				36,616	*
NJ Youth Football Grant		8,000	4,000				4,000	*
The Trust for Public Land:								
1600 Park Avenue (Acquisition)	2008	2,300,000		2,300,000			2,300,000	*
1600 Park Avenue (Land and Water)	2008	1,513,420		1,513,420			1,513,420	*
Total Other Direct Programs			40,616	3,813,420			3,854,036	*
General Capital Fund:								
<u>Developer's Share - Toll Brothers</u>								
Maxwell Place Walkway	2008	3,061,262						*
Total Developer's Share								*
<u>Total County/Other Assistance</u>								
			2,091,298	3,872,681	62,326	8,867	5,910,520	60,847
<u>Total State and County/Other Assistance</u>								
			\$ 2,550,483	11,243,623	9,861,480	185,309	4,117,935	12,555,052

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

**CITY OF HOBOKEN
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards present the activity of all federal and state financial assistance programs of the City of Hoboken, County of Hudson. The City is defined in Note 1A to the City's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting as prescribed for counties by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Note 1(B) to the City's financial statements.

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the City's financial statements. Financial assistance awards are reported in the City's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
Current Fund	\$346,555	\$788,569	\$62,326	\$1,197,450
Community Development Grant Fund	426,535			426,535
General Capital Fund		<u>9,010,585</u>		<u>9,010,585</u>
	<u>\$773,090</u>	<u>\$9,799,154</u>	<u>\$62,326</u>	<u>\$10,634,570</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. ADJUSTMENTS

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

CITY OF HOBOKEN
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The City's federal and state loans outstanding at June 30, 2008, which are not required to be reported on the schedule of expenditures of federal and state awards, are as follows:

<u>Loan Program</u>	<u>Total</u>
Underground Storage Tank Loan	\$73,420
State of New Jersey Green Acres Trust Loan	<u>1,910,198</u>
	<u>\$1,983,618</u>

**CITY OF HOBOKEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? yes X no

State Awards Section

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

Auditee qualified as low-risk auditee? yes X no

Type of auditors' report on compliance for major programs: unqualified

Internal Control over compliance:

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

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
N/A	Reconstruction of Pier C
480 078 6310	Highway Facilities Grant
N/A	Department of Treasury - WWII Memorial
506 042 4800	Department of Environmental Protection

CITY OF HOBOKEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008
(continued)

Section II - Schedule of Financial Statement Findings

None

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

FINDING: 2008-1

STATEMENT OF CONDITION

Inadequate overall internal control design.

CRITERIA

Statements of Auditing Standards No. 55, Consideration of Internal Control in a Financial Statement Audit, as amended, suggests that a properly designed control environment consist of risk assessment by management, information and communication, monitoring and policies/procedures that help ensure that management directives are carried out and that necessary steps to address risk are taken.

EFFECT

An inadequate design of internal controls increases risks relating to the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

CAUSE

Unknown.

RECOMMENDATION

The City should consider designing an internal control structure that allows the proper monitoring of revenues collected, expenditures charged against its annual budgetary appropriation and payroll.

CITY OF HOBOKEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008
(continued)

FINDING: 2008-2

STATEMENT OF CONDITION

Absence of appropriate segregation of duties consistent with appropriate control objectives.

CRITERIA

Duties should be segregated such that the work of one individual provides a cross-check on the work of another individual. Generally, assigning different people the responsibilities of authorizing transactions, recording transactions, and maintaining custody of related assets reduces the opportunities for an individual to both perpetrate and conceal errors or fraud in the normal course of duties.

EFFECT

Opportunities for an individual to perpetrate and conceal errors or fraud exists. The duties of recording and depositing cash receipts are vested in one individual. In addition, the cash disbursement, payment and recordkeeping functions are sometimes performed by the same individual.

CAUSE

Unknown.

RECOMMENDATION

The City should weigh the cost/benefits of implementing a proper segregation of duties.

CITY OF HOBOKEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008
(continued)

FINDING: 2008-3

STATEMENT OF CONDITION

Inadequate procedures for appropriately assessing and applying accounting principles.

CRITERIA

Procedures for assessing and applying accounting principles should be established in order to ensure the financial statements are presented fairly and in accordance with generally accepted accounting principles.

EFFECT

Transactions are often subject to risk of misclassification (e.g. expenditures).

CAUSE

Purchases are made prior to being encumbered in the accounting system.

RECOMMENDATION

All transactions should be approved and encumbered in the accounting system prior to purchase.

CITY OF HOBOKEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008
(continued)

FINDING: 2008-4

STATEMENT OF CONDITION

Failure of controls designed to safeguard assets from loss, damage or misappropriation.

CRITERIA

All City assets and appropriations should be monitored on a regular basis.

EFFECT

Material expenditures were not charged against the City's annual budget appropriation during the year.

CAUSE

The City did not record expenditures which should have been charged against its annual budgetary appropriation during the year.

RECOMMENDATION

The City should ensure appropriations are legally established prior to approving any contracts.

STATUS OF PRIOR YEAR FINDINGS

(This section identifies the status of prior year audit findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (Section .315 (a)(b)) and New Jersey OMB Circular 04-04.)

FINDING #06-GAS-1:

RECOMMENDATION

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.

STATUS

Correction Action has been taken.

CITY OF HOBOKEN

GENERAL COMMENTS

Contracts and Agreements Requiring Advertisement for Bid

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

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

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

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

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

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

- The Installation of a Fire Escape at City Hall, bid #07-21
- The Painting of Stairwells at the Hoboken Public Library, bid #07-23
- HVAC System at the Boys and Girls Club
- Improvement of City Roadways
- Waste Removal Services
- Construction for Pier C
- Fire House Additions
- Maxwell Place Walkway Improvements
- Reardumping Street Sweeper

CITY OF HOBOKEN

GENERAL COMMENTS, (continued)

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on July 1, 2007 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

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

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

CITY OF HOBOKEN

GENERAL COMMENTS, (continued)

Delinquent Taxes and Tax Title Liens

A tax sale was not held in 2008.

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

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

<u>Year</u>	<u>Number of Liens</u>
2008	50
2007	50
2006	51

Verification of Delinquent Taxes and Other Charges

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

The results of the test, which was made as of June 30, 2008, is not yet known, but a separate report will be rendered if any irregularities were developed.

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

CITY OF HOBOKEN

OTHER COMMENTS

City Clerk

1. Tax Collector did not file a Financial Disclosure Statement as required by N.J.S.A. 40A:9-22.

Finance/Treasurer

1. Special Purpose grant, Drunk Driving Enforcement grant and Smart Growth grants were classified as part of the Trust Funds instead of the Federal and State Grant Fund as prescribed by the Division of Local Government Services.
2. The following accounts are not being reconciled on a monthly basis as required by N.J.S.A. 40A:5-5:

Municipal Alliance Grant Account
Net Payroll Account

3. Not all financial transactions are being recorded in the general ledgers as required by Technical Accounting Directive #3 for the following funds:

Net Payroll
Payroll Agency
Housing Rehab-Upper Park Trust
CDBG Trust
Other Trust
Cultural Affairs Trust
Fire Education Trust
Workers Compensation Trust
POAA Trust
Tax Collectors Redemption Trust
Tax Collector Trust
Collector of Revenue Premiums Trust
Hazmat Trust

4. The following bank accounts had a deficit reconciled balance at year end (N.J.S.A. 40A:5-5):

Net Payroll
Payroll Agency
Workers Compensation Trust
Collector of Revenue-Redemption Trust

CITY OF HOBOKEN

OTHER COMMENTS, (continued)

Finance/Treasurer, (continued)

5. The following accounts are carrying outstanding checks over one year old as reconciling items (N.J.S.A. 40A:5-5):
 - Net Payroll
 - Other Trust Fund
 - Fire Education Trust
 - Workers Compensation Trust
 - Collector of Revenue Redemption Trust
 - Law Enforcement Trust
 - Hazmat Trust
6. Under the Requirements of Audit for Revenue and Receipts, the Division of Local Government Services requests any irregularities in the method of handling receipts and revenues be reported. Payments in Lieu of Taxes were inappropriately recorded as revenue in both the tax system and the anticipated budget revenues.
7. Technical Accounting Directive #2, codified as N.J.A.C. 5:30-5.6., requires the City to place a value of all fixed assets put into service. The City had hired an appraisal company to prepare a listing of the City's assets as well as appraise each asset's value. The report prepared was for the fiscal year ended June 30, 2004 and has not been maintained to report new assets.
8. A detailed list of state marriage license fees due to the state was not available for review.
9. A Capital Improvement Fund budget appropriation was not recorded in the General Capital Fund.
10. Ordinance DR-337 was adopted prior to having a state approved Supplemental Debt Statement as required by N.J.S.A. 40A:2-10.
11. General Capital grant receipts were not recorded in the general ledger as stated in the adopted ordinance as prescribed by Technical Accounting Directive #3.
12. General Capital grant receipts were recorded as reimbursements to improvement authorization accounting line items, which overstated the unexpended balances.
13. Funds were certified as available for the Maxwell Place Walkway Improvements, however, no actual appropriation was established causing an \$11,526,755 contract awarded without appropriation in the General Capital Fund.
14. The Developer of the Maxwell Place Residences was hired as the Construction Manager of the Maxwell Place Walkway without approval of the Mayor and Council.

CITY OF HOBOKEN

OTHER COMMENTS, (continued)

Finance/Treasurer, (continued)

15. The Developer of the Maxwell Place Residences paid the contractor of the Maxwell Place Walkway directly and was reimbursed by the City after reimbursement was received for the Department of Transportation. Effectively the Developer who was also the Construction Manager acted as a bank for the City.
16. The checks paid to the Maxwell Place Walkway contractor were made payable to the contractor and the City. The Finance Department then stamped the Mayor's signature as the endorsement and gave them to the contractor as payment. None of these transactions were recorded on the books of the City. Requirement of the Division of Local Government Services-Requirement of Audit for Expenditures and Disbursements.
17. The Current Fund had a deficit of \$24,436,125 because the City did not adopt its budget timely or send out tax bills timely N.J.S.A. 40A-4.
18. There were budget overexpenditures of \$11,335,748 which are required to be reported by the Division of Local Government Services, Requirements of Audit for Overexpenditures.
19. The City entered into an early retirement program without the approval of the State as required.

Purchasing

1. Goods/services are being ordered prior to being encumbered as prescribed by Technical Directive #1.
2. Vendor documents were not always available to support expenditures as required by Division of Local Government Services, Requirements of Audit for Expenditures and Disbursements.
3. Not all authorizing signatures are present on all purchase orders as required by Division of Local Government Services, Requirements of Audit for Expenditures and Disbursements.
4. Instances where the incorrect budget year and or budget account was being charged as required by Division of Local Government Services, Requirements of Audit for Expenditures and Disbursements.
5. Instances where the incorrect capital ordinance was being charged as required by Division of Local Government Services, Requirements of Audit for Expenditures and Disbursements.

CITY OF HOBOKEN

OTHER COMMENTS, (continued)

Purchasing, (continued)

6. Informal quotes were not obtained for some purchases above the 15% of the bid threshold as required by N.J.S.A. 40A:11-6.1(a).
7. Not all bids were available for audit review as required by N.J.S.A. 40A:11.
8. A contract was awarded without an adopted ordinance of Maxwell Place Walkway Improvements at \$11,526,755 as required by N.J.S.A. 40A:4-57.
9. The Mayor and Council are not approving all disbursements as required by N.J.S.A. 40A:5-17.

Tax Collection/Revenue

1. Deposits are not always made within 48 hours of receipt as required by N.J.S.A.40A:5-15.
2. Daily deposits were not always verified to the daily receipt journal as required by Division of Local Government Services, Requirements of Audit for Revenue and Receipts.
3. There was no formal proof of taxes for fiscal year 2007-08.

Payroll

1. There is no approved salary ordinance for the fiscal year as required by the Division of Local Government Services, Standard Audit Program and Procedures.
2. Department heads are not approving time sheets as prescribed in the detailed walkthrough of the Payroll cycle.
3. Some time sheets were not available for audit review as prescribed by in the detailed walkthrough of the payroll cycle.
4. A report of accrued liability for sick and vacation time payable is not maintained as prescribed in the detailed walkthrough of the payroll cycle.
5. Not all 1099's issued agree to the taxable amount per the vendor history report as required by OMB No. 1545-0115.
6. Several employees eligible for pension are not currently enrolled in the pension system as required by the Division of Local Government Services, Standard Audit Program and Procedures.

CITY OF HOBOKEN

OTHER COMMENTS, (continued)

Parking Utility

1. Not all daily revenue reports agree to the deposits as required by the Division of Local Government Services, Requirements of Audit for Revenue and Receipts.
2. Disbursements were made without going through the purchasing system as required by the Division of Local Government Services, Requirements of Audit for Expenditures and Disbursements.
3. Several Parking Utility budget accounts were over expended and are required to be reported by the Division of Local Government Services, Requirements of Audit for Overexpenditures.
4. Not all biddable purchases went out for bid as required by New Jersey Local Public Contract Laws (NJSA 40A:11-1).
5. Evidence of internal control design (SAS #70) was not available for two companies (United Textile Fabrications and Central Parking Systems), which handled collections for the Parking Utility's garages and parking meters during the fiscal year.
6. A detailed ledger of security deposits payable is not maintained.

Departments

1. The following departments do not maintain supporting documentation for receipts as required by the Division of Local Government Services, Requirements of Audit for Revenue and Receipts:

Police Department
Town Clerk
Environmental Commission

2. The following departments do not make deposits within 48 hours of receipt as required by N.J.S.A. 40A:5-15:

Police Department
Board of Health
Environmental Commission
Town Clerk
Fire Prevention
Board of Construction

3. A review of the Municipal Court's June management report indicated:
 - a. There are 1,144 tickets eligible for FTA over 14 days
 - b. There are 1,472 tickets assigned over 180 days.
 - c. There are 1,018 tickets eligible for dismissal.

CITY OF HOBOKEN
RECOMMENDATIONS

City Clerk

1. The Tax Collector must file a Financial Disclosure Statement as required by N.J.S.A. 40A:9-22

Finance/Treasurer

1. That all grant funds be classified into the Federal and State Grant general ledger.
2. That the following accounts be reconciled on a monthly basis:

Municipal Alliance Grant Account
Net Payroll Account

3. General ledger entries are not being recorded in a timely manner in order to maintain accurate records for the following funds:

Net Payroll
Payroll Agency
Housing Rehab-Upper Park Trust
CDBG Trust
Other Trust
Cultural Affairs Trust
Fire Education Trust
Workers Compensation Trust
POAA Trust
Tax Collectors Redemption Trust
Tax Collector Trust
Collector of Revenue Premiums Trust
Hazmat Trust

4. That the following bank accounts be examined and the deficit in the reconciled balance be corrected:

Net Payroll
Payroll Agency
Workers Compensation Trust
Collector of Revenue-Redemption Trust

CITY OF HOBOKEN

RECOMMENDATIONS, (continued)

Finance/Treasurer, (continued)

5. That the following accounts outstanding checks over one year old be reviewed and cancelled by resolution:
 - Net Payroll
 - Other Trust Fund
 - Fire Education Trust
 - Workers Compensation Trust
 - Collector of Revenue Redemption Trust
 - Law Enforcement Trust
 - Hazmat Trust
6. That Payment in Lieu of Taxes be recorded as revenue in the finance system and not in the tax system.
- *7. That the appraisal company should be contacted to update the report yearly.
8. That more care be taken to maintain the state marriage license fees collected.
9. That the Capital Improvement Fund budget appropriation be charged out and General Capital Fund Reserve be created from the appropriation.
10. That the City takes more care to follow the proper procedures to legally adopt a Capital Ordinance.
11. That more care be taken when recording adopted capital ordinance funding sources to the general ledger.
12. General Capital grant receipts should be reported as a reduction of a receivable if recorded as a funding source of the ordinance or set up as a reserve to pay down future debt.
13. That prior to award of a contract Funds actually be available when they are certified by the Chief Financial Officer.
14. That all hiring or award of contracts be approved by resolution of the Mayor and Council as required by statute.
15. That all payments to contractors be made by the City not a condint or third party which is a violation of the payment of claims statute.
16. That all financial transactions effectuated by the City be recorded in the books and records of the City.

CITY OF HOBOKEN

RECOMMENDATIONS, (continued)

Finance/Treasurer, (continued)

17. That the City adopt a budget as required by statute, within the timeframe required by statute and send out tax bills in a timely fashion.
18. The proper care be exercised over the budget and that the budget expenditures and appropriations be received timely to prevent future occurrences of overexpenditures.
19. That all early retirement plans be submitted to the State, as required, for approval prior to implementation of such plans.

Purchasing

1. That all goods/services be encumbered prior to being ordered.
2. That supporting documentation for all purchases be made available for audit review.
3. That all authorizing signatures are present on all purchase orders.
4. That all invoices be charged to the correct budget account and budget year to which the services were rendered.
5. That all purchases pertaining to capital ordinances be reviewed and charged to the correct approved capital ordinance.
6. All purchases over 15% of the bid threshold should obtain informal as required by Local Public Contracts Law.
7. That all bids sought by public advertisement be maintained by the city and made available for audit review.
8. An ordinance must be adopted before any capital contract can be approved.
9. That the Mayor and Council approve all disbursements.

Tax Collection/Revenue

1. That all deposits be made within 48 hours of receipt.
2. That more care should be taken when reviewing the daily revenue journal and the daily deposit to ensure both agree and any discrepancies should be resolved.
3. That a complete proof of taxes be prepared at year end by the Tax Collector.

CITY OF HOBOKEN

RECOMMENDATIONS, (continued)

Payroll

1. That the salary ordinance be created and approved by Mayor and Council.
2. That department heads review and approve all time sheets.
3. That all time sheets be made available for audit review.
4. That a report of accrued liability for sick and vacation time payable be updated and maintained by the payroll department.
5. That all 1099's be compared to the Vendor History Report to verify their accuracy prior to issuance.
6. That all employees who are eligible for pension be enrolled in the correct pension system.

Parking Utility

1. That all daily revenue reports agree to the deposits and any discrepancies be resolved in a timely manner.
2. That all disbursements go through the purchasing system.
3. That Parking Utility budget accounts be reviewed prior to encumbrances to ensure there are no over expenditures.
4. That all biddable purchases be bid on as required by New Jersey Local Public Contract Laws (NJSA 40A:11-1).
5. That evidence of internal control design (SAS #70) be made available for all companies which handle collections of revenue for the parking utility.
6. That a detailed ledger of security deposits payable be maintained.

CITY OF HOBOKEN

RECOMMENDATIONS, (continued)

Departments

1. That the following departments maintain a receipt journal to support receipts:

Police Department
Town Clerk
Environmental Commission

2. That the following departments make deposits within 48 hours of receipt:

Police Department
Board of Health
Environmental Commission
Town Clerk
Fire Prevention
*Board of Construction

3. That the following Municipal Court's management report areas be reviewed and corrections made as necessary:

- a. There are 1,144 tickets eligible for FTA over 14 days
- b. There are 1,472 tickets assigned over 180 days.
- c. There are 1,018 tickets eligible for dismissal.

CITY OF HOBOKEN

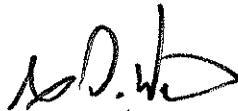
STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

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

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

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

Respectfully submitted,



Steven D. Wielkocz
Registered Municipal Accountant
No. CR00413



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

January 27, 2009