

**CITY OF HOBOKEN**

**Financial Statements With  
Supplementary Information**

**December 31, 2012**

**(With Independent Auditors' Reports Thereon)**

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**CITY OF HOBOKEN**

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**CITY OF HOBOKEN**

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**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2012**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Hoboken (the "City"), County of Hudson, New Jersey, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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



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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Hoboken as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis Accounting Principles***

The City records of fixed assets have not been updated for additions and deletions for several years as required by N.J.A.C. 5:30-5.6 and we were unable to satisfy ourselves as to the correct carrying value of the general fixed assets by other auditing procedures.



### ***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis Accounting Principles*”, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other Matters***

#### ***Other Information***

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

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

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

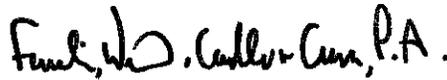
Honorable Mayor and  
Members of the City Council  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2013 on our consideration of the City of Hoboken's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hoboken's internal control over financial reporting and compliance.



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



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

September 18, 2013



## CITY OF HOBOKEN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2012 and 2011

<u>Assets</u>		<u>2012</u>	<u>2011</u>
Current Fund:			
Current Assets:			
Cash - Operating Accounts	A-4	\$ 34,247,828	23,217,229
Cash - Change Fund	A-5	300	300
		<u>34,248,128</u>	<u>23,217,529</u>
Due from State of New Jersey:			
Per Ch. 129, P.L. 1976	A-6	31,901	28,946
Qualified Bond Aid	A-7	4,035,158	3,864,300
Consolidated Municipal Property Tax Relief	A-7		86,458
		<u>4,067,059</u>	<u>3,979,704</u>
		<u>38,315,187</u>	<u>27,197,233</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-8	1,545,434	2,297,349
Tax Title Liens	A-9	422,339	433,044
Property Acquired for Taxes -			
Assessed Valuation	A-10	2,806,900	2,806,900
Water Liens	A-11	945	36,275
Revenue Accounts Receivable	A-12	295,002	342,389
Interfunds Receivable	A-13	1,203,461	2,903,268
County of Hudson Open Space	A-14	460,963	460,963
		<u>6,735,044</u>	<u>9,280,188</u>
Deferred Charges	A-15	3,344,793	5,427,116
Deferred Charges - Special Emergency Authorizatio	A-23	8,050,000	
		<u>11,394,793</u>	<u>5,427,116</u>
		<u>56,445,024</u>	<u>41,904,537</u>
Federal and State Grant Fund:			
Cash - Operating Accounts	A-4	565,641	1,569,857
Expenditures without Appropriation	A-16	18,260	23,870
Grants Receivable	A-25	6,395,441	5,014,519
		<u>6,979,342</u>	<u>6,608,246</u>
		<u>\$ 63,424,366</u>	<u>48,512,783</u>

## CITY OF HOBOKEN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2012 and 2011

		<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves:			
Encumbered	A-3/A-16 \$	1,673,282	1,606,275
Unencumbered	A-3/A-16	6,456,683	5,352,843
County Taxes Payable	A-17	1,402,072	435,478
Tax Overpayment	A-18	571,714	207,125
Accounts Payable	A-20	10,547	
Prepaid Taxes	A-21	856,040	725,486
Interfunds Payable	A-13	173,796	2,502,504
School Taxes Payable	A-19	17,886	19,351
Various Reserves	A-22	11,276,503	3,616,284
Special Emergency Notes Payable	A-24	<u>8,050,000</u>	
		30,488,523	14,465,346
Reserve for Receivables	Contra	6,735,044	9,280,188
Fund Balance	A-1	<u>19,221,457</u>	<u>18,159,003</u>
		<u>56,445,024</u>	<u>41,904,537</u>
Federal and State Grant Fund			
Unappropriated Reserve for Grants	A-26	48,407	
Interfunds Payable	A-27	1,268,524	1,201,138
Appropriated Reserve for Grants	A-28	4,475,444	4,539,759
Reserve for Encumbrances	A-29	<u>1,186,967</u>	<u>867,349</u>
		<u>6,979,342</u>	<u>6,608,246</u>
	\$	<u>63,424,366</u>	<u>48,512,783</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

For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues and Other Income:		
Fund Balance Utilized	6,012,671	9,585,000
Miscellaneous Revenue Anticipated	46,829,638	42,009,585
Receipts from Delinquent Taxes	1,100,820	1,306,324
Receipts from Current Taxes	141,501,181	135,682,665
Non-Budget Revenue	826,842	2,462,274
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	3,472,490	1,891,788
Prior Year Interfunds Returned	2,873,738	
Cancelled Liabilities	<u>257,177</u>	<u>236,641</u>
Total Revenues and Other Income	<u>202,874,557</u>	<u>193,174,277</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	39,471,574	37,438,409
Other Expenses	54,754,326	46,395,600
Capital Improvement Fund	116,000	250,000
Municipal Debt Service	6,300,184	6,152,530
Statutory Expenditures and Deferred Charges	13,046,599	12,989,474
Judgements	400,000	340,514
Expenditures without Appropriation		187,444
Local District School Tax	36,757,219	36,760,213
County Taxes	51,023,040	47,218,637
Municipal Open Space Taxes	619,563	602,047
Revenue Refunds	301,193	290,712
PILOT Revenue - County Share		945,589
Interfund Advances	<u>1,164,734</u>	<u>2,278,385</u>
Total Expenditures	<u>203,954,432</u>	<u>191,849,554</u>
Excess (Deficit) Revenue Over Expenditures	(1,079,875)	1,324,723
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which Are By Statute Deferred		
Charges to Budget of Succeeding Year:		
Emergency Appropriations	105,000	358,604
Overexpenditure of Appropriations		22,890
Expenditures without Appropriation		187,444
Special Emergency	<u>8,050,000</u>	
	<u>8,155,000</u>	<u>568,938</u>
Statutory Excess to Surplus	7,075,125	1,893,661
Fund Balance - December 31, 2011	<u>18,159,003</u>	<u>25,850,342</u>
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>6,012,671</u>	<u>9,585,000</u>
Fund Balance - December 31, 2012	<u>19,221,457</u>	<u>18,159,003</u>

See accompanying notes to the financial statements.

## CITY OF HOBOKEN, N.J.

Exhibit A-2

Page 1 of 4

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2012

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 6,012,671	6,012,671	
Miscellaneous Revenues:			
Licenses and Fees:			
Alcoholic Beverages	313,490	307,015	(6,475)
Other	219,900	209,079	(10,821)
Fees and Permits	462,000	393,995	(68,005)
Zoning Board of Adjustment Fees	152,000	135,122	(16,878)
Planning Board Fees	11,000	11,600	600
Rent Leveling Fees	44,000	48,746	4,746
Fines and Costs:			
Municipal Court	4,540,000	4,188,138	(351,862)
Interest and Costs on Taxes	316,000	263,665	(52,335)
Parking Tax	1,223,000	1,204,914	(18,086)
Riverview Cablevision Associates	654,567	654,567	
Interest on Investments and Deposits	29,800	59,360	29,560
Rents on City Owned Property	62,300	68,005	5,705
SJP Properties - Block A-Phase I	1,071,984	1,162,830	90,846
SJP Properties - Block A-Phase II	1,071,984	1,071,984	
SJP Properties/Applied - Block B	250,000	200,000	(50,000)
Applied Development Co. - South Waterfront - Block C	1,235,072	1,235,072	
1300 Grand Street (Pilot Payment)	763,285	787,500	24,215
Grogan Marineview Plaza	492,900	743,666	250,766
Clocktowers	127,788	105,628	(22,160)
Marion Towers Associates	175,800	178,242	2,442
Church Towers Urban Renewal	479,200	531,240	52,040
Columbian Towers	89,046	127,153	38,107
Columbian Arms	25,811	29,872	4,061
Hudson Square North	44,051		(44,051)
Willow Avenue Associates - 800 - 812 Willow Avenue	34,441	70,520	36,079
1200 Grand Street	1,023,031	1,029,940	6,909
Applied Housing - 1203-1219 Willow Avenue	201,980	102,132	(99,848)
Applied Housing - 1201-1221 Washington Estates	368,047	129,530	(238,517)
Applied Housing - 1200-1220 Hudson Estates	404,883	281,938	(122,945)
Applied Housing - 1301-1309 Bloomfield Estates	142,712	96,506	(46,206)
Applied Housing - Midway 500-508 Adams Street	188,250	80,502	(107,748)
Applied Housing - Elysian Estates	82,477	125,572	43,095
Applied Housing - Church Square	151,173	159,323	8,150
Applied Housing - Eastview Associates	126,811	134,390	7,579
Applied Housing - Westview Associates	200,319	214,583	14,264
Applied Housing - Northvale I - 911-923 Clinton Street	347,961	173,325	(174,636)
Applied Housing - Northvale II - 901-919 Clinton Street	302,261	129,831	(172,430)
Applied Housing - Northvale IIIA	66,211	106,896	40,685
Applied Housing - Northvale III B - 1106-1014 Clinton Street	113,465	148,240	34,775
Applied Housing - Northvale IV - 58 11th Street	19,237	21,042	1,805
1118 Adams St		122,684	122,684
1100 Adams Street	577,941	462,152	(115,789)
PILOTS Interest		17,632	17,632

## CITY OF HOBOKEN, N.J.

Exhibit A-2  
Page 2 of 4

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2012

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Parking Utilities Surplus	3,500,000	3,500,000	
Consolidated Municipal Property Tax Relief Aid	4,359,295	4,359,295	
Energy Receipts Tax	6,753,740	6,753,740	
Uniform Construction Code Fees	1,325,000	1,280,204	(44,796)
Hoboken Housing Authority - Public Safety	536,667	512,480	(24,187)
Body Armor Grant	12,146	12,146	
Hudson County Open Space	250,000	250,000	
Sustainable Jersey Grant	20,000	20,000	
Recycling Tonnage	37,033	37,033	
Port Authority Security Grant	297,000	297,000	
Justice Assistance Grant	14,579	14,579	
Hoboken PAL	30,000	30,000	
FEMA Safer Grant	1,118,600	1,118,600	
Homeland Security Port Security	24,824	24,824	
Firefighters Assistance Grant	14,708	14,708	
Drive Sober or Get Pulled Over	4,400	4,400	
Community Development Block Grant	425,000	425,000	
Pedestrian Safety Grant	15,000	15,000	
Hudson County Open Space	100,000	100,000	
Safety Performance Award	100	100	
Cultural Affairs Partnership Arts	5,880	5,880	
Bike Corrals	5,000	5,000	
Alcohol Education Rehabilitation	1,295	1,295	
Drive Sober or Get Pulled Over	5,000	5,000	
Home Support and Adult Day Care	127,796	127,796	
Clean Communities	69,909	69,909	
Housing Inspection Program	70,000	70,000	
FEMA - Fire Boat	364,464	364,464	
Hoboken PAL	15,000	15,000	
Hudson County Open Space	3,000,000	3,000,000	
Summer Food Program 2012	32,653	32,653	
Firefighter Assistance Grant	16,394	16,394	
DOT - Various Roads	396,000	396,000	
Cultural Affairs Partnership Arts	18,750	18,750	
Firefighters Assistance Grant 2011-2012	272,697	272,697	
Municipal Alliance	40,261	40,261	
Uniform Fire Safety Act	72,000	88,667	16,667
Outside Duty Police Administration	91,100	93,236	2,136
Verizon TV Franchise Fee	205,750	205,750	
1001 Jefferson	449,568	793,028	343,460
W Hotel	503,000	542,815	39,815
Hotel/Motel Occupancy Fee	500,000	525,959	25,959
800 Jackson Ave. (PILOT)	660,174	769,905	109,731
United Water Concession	154,000	182,000	28,000
Path/NJ Transit BL 139 L4		7,639	7,639
Capital Fund Balance	1,600,000	1,600,000	
333 River Road	1,486,300	1,486,300	
	<u>47,207,261</u>	<u>46,829,638</u>	<u>(377,623)</u>
Total Miscellaneous Revenues			
Receipts from Delinquent Taxes	<u>2,100,000</u>	<u>1,100,820</u>	<u>(999,180)</u>
Subtotal General Revenues	<u>55,319,932</u>	<u>53,943,129</u>	<u>(1,376,803)</u>

CITY OF HOBOKEN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	50,832,990	53,166,440	2,333,450
Minimum Library Tax	<u>3,234,919</u>	<u>3,234,919</u>	
Total Amount to be Raised by Taxes for Support of Municipal Budget	54,067,909	56,401,359	2,333,450
Non-Budget Revenue		<u>826,842</u>	<u>826,842</u>
	<u>\$ 109,387,841</u>	<u>110,344,488</u>	<u>956,647</u>
Adopted Budget	102,890,810		
Appropriations by 40a:4-87	<u>6,497,031</u>		
	<u>\$ 109,387,841</u>		

CITY OF HOBOKEN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2012

Analysis of Realized Revenues

Revenue from Current Tax Collections		\$ 141,501,181
Allocated to County of Hudson	\$ 51,023,040	
Local School District	36,757,219	
Municipal Open Space	<u>619,563</u>	
		<u>88,399,822</u>
Balance for Support of Municipal Budget Appropriations		53,101,359
Add : Appropriation - Reserve for Uncollected Taxes		<u>3,300,000</u>
Amount for Support of Municipal Budget Appropriations		\$ <u><u>56,401,359</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes		1,091,203
Tax Title Liens		<u>9,617</u>
		\$ <u><u>1,100,820</u></u>

Analysis of Non-budget Revenues

Miscellaneous Revenue Not Anticipated

Refunds	\$	15
Election		300
Workers Compensation		77,950
Black Box Network		96
Check Fee		380
Insurance Reimbursements		289,455
Sale of Property		49,400
Metrotel Communications		10,029
Homestead Rebate		491
Hurricane Irene Reimbursement		230,196
Miscellaneous		60,323
ABC		2,420
Hoboken Historic		3,814
Public Safety		16,078
Verizon		5,000
Tax Searches		100
Variance		16,842
Recording Fee		68
Clean Up Fee		3,560
Restitution		44,173
Void Checks		<u>16,152</u>
	\$	<u><u>826,842</u></u>

See accompanying notes to the financial statements.

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

	Current Fund					
	2012	Budget after	Paid or	Reserved	Unexpended	
	Budget	Budget Modification and Transfer	Charged		Balance	
					Canceled	
General Government:						
Mayor and Council						
Salaries and Wages	256,921	258,221	258,146	75		
Other Expenses	26,160	26,160	12,266	13,894		
City Council						
Salaries and Wages	219,582	219,582	211,684	7,898		
Other Expenses	23,000	23,000	16,967	6,033		
Office of the Clerk						
Salaries and Wages	419,168	424,168	423,157	1,011		
Other Expenses	10,200	10,200	7,492	2,708		
Other Expenses - Legal Advertising	60,000	65,000	57,596	7,404		
Other Expenses - Codification of Ordinances	30,000	30,000	7,166	22,834		
Salaries and Wages - Elections	15,000	17,000	16,464	536		
Other Expenses - Elections	50,000	48,000	42,052	5,948		
Department of Administration						
Business Administrator's Office						
Salaries and Wages	364,084	364,084	343,362	20,722		
Other Expenses	107,500	106,000	67,750	38,250		
Purchasing						
Salaries and Wages	203,361	190,061	154,754	35,307		
Other Expenses	4,500	4,500	2,963	1,537		
Personnel and Health Benefits						
Salaries and Wages	167,655	169,655	168,998	657		
Other Expenses	2,400	3,900	2,482	1,418		
Zoning and Administration						
Salaries and Wages	124,317	125,817	125,462	355		
Other Expenses	3,800	3,800	1,819	1,981		

**CITY OF HOBOKEN**

**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2012**

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Uniform Construction Code					
Salaries and Wages	622,178	622,178	606,812	15,366	
Other Expenses	289,000	289,000	263,981	25,019	
Corporation Council					
Salaries and Wages	262,666	262,666	249,048	13,618	
Other Expenses	194,225	194,225	156,429	37,796	
Other Expenses - Special Council	1,442,000	1,547,000	1,473,088	73,912	
Other Expenses - Expert Witness & Appraisal	50,000	50,000	16,500	33,500	
Revenue and Finance Director					
Salaries	652,080	652,080	638,139	13,941	
Other Expenses	170,000	170,000	164,597	5,403	
Annual Audit					
Other Expenses	92,975	92,975	92,975		
Tax Collections					
Salaries and Wages	253,830	253,830	225,905	27,925	
Other Expenses	61,940	61,940	27,069	34,871	
Information Technology					
Other Expenses	114,000	114,000	102,052	11,948	
Municipal Court					
Salaries and Wages	1,006,530	1,006,530	915,693	90,837	
Other Expenses	162,800	162,800	98,276	64,524	
Public Defender					
Other Expenses	3,500	3,500	797	2,703	
Office of the Tax Assessor					
Salaries and Wages	360,081	360,081	311,055	49,026	
Other Expenses	237,070	237,070	190,614	46,456	

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Department of Human Services					
Director's Office					
Salaries and Wages	173,641	175,141	174,831	310	
Other Expenses	2,000	2,000	1,643	357	
Rent Leveling					
Salaries and Wages	251,262	251,262	246,216	5,046	
Other Expenses	3,500	3,500	3,449	51	
Housing Inspections					
Salaries and Wages	88,857	88,857	88,857		
Other Expenses	1,000	1,000	956	44	
Health					
Salaries and Wages	537,339	537,339	535,653	1,686	
Other Expenses	143,322	143,322	104,692	38,630	
Senior Citizens					
Salaries and Wages	227,829	224,829	209,198	15,631	
Other Expenses	13,000	13,000	11,301	1,699	
Recreation and Cultural Affairs					
Salaries and Wages	442,428	442,428	405,677	36,751	
Other Expenses	152,600	152,600	144,684	7,916	
Cultural Affairs					
Salaries and Wages	77,000	78,500	78,184	316	
Department of Environmental Services					
Director's Office					
Salaries and Wages	274,369	274,369	164,576	109,793	
Other Expenses	75,746	75,746	62,294	13,452	
Parks					
Salaries and Wages	538,304	388,304	377,437	10,867	
Other Expenses	100,000	250,000	70,790	179,210	

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Public Property					
Salaries and Wages	838,933	838,933	773,310	65,623	
Other Expenses	305,000	305,000	206,015	98,985	
Streets and Roads					
Salaries and Wages	708,540	708,540	705,870	2,670	
Other Expenses	333,000	333,000	165,106	167,894	
Central Garage					
Salaries and Wages	150,193	150,193	134,239	15,954	
Other Expenses	262,000	262,000	239,628	22,372	
Sanitation					
Salaries and Wages	647,794	647,794	586,643	61,151	
Other Expenses	4,075,000	4,075,000	3,547,336	527,664	
Shade Tree Commission					
Other Expenses	50,000	50,000	49,224	776	
Department of Community Development					
Director's Office					
Salaries and Wages	168,500	169,500	168,962	538	
Other Expenses	4,000	4,000	3,973	27	
Grants Management					
Other Expenses	10,000	10,000	9,088	912	
Planning Board					
Salaries and Wages	164,590	162,090	127,010	35,080	
Other Expenses	81,575	121,575	92,454	29,121	
Zoning Board of Adjustment					
Other Expenses	154,125	114,125	86,463	27,662	

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Redevelopment					
Other Expenses	317,000	317,000	302,044	14,956	
Historical Preservation Committee					
Other Expenses	450	450	322	128	
Department of Public Safety					
Police					
Salaries and Wages	15,376,205	15,376,205	14,854,144	522,061	
Other Expenses	526,442	526,442	358,519	167,923	
Fire					
Salaries and Wages	13,127,810	13,127,810	12,930,642	197,168	
Other Expenses	266,850	266,850	118,366	148,484	
Office of Emergency Management					
Salaries and Wages	362,660	362,660	327,012	35,648	
Other Expenses	10,750	10,750	4,897	5,853	
Insurance					
General Liability	1,600,000	1,600,000	1,387,713	212,287	
Worker's Compensation	900,000	900,000	780,479	119,521	
Employee Group Health	16,179,780	16,179,780	15,527,546	652,234	
UNCLASSIFIED:					
Alcoholic Beverage Control Board					
Salaries and Wages	4,200	4,200	3,998	202	
Other Expenses	1,500	1,500	461	1,039	
Volunteer Ambulance					
Other Expenses	40,000	40,000	40,000		

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
North Hudson Regional Council of Mayors					
Other Expenses	56,700	56,700	56,693	7	
Settlement of Claims Against the City	10,000	10,000		10,000	
Towing/Storage of Abandoned Vehicles	7,500	7,500	2,734	4,766	
Engineering	225,000	225,000	101,488	123,512	
Labor Arbitrations	45,000	45,000	25,940	19,060	
Municipal Dues and Memberships	3,500	3,500	2,856	644	
Celebration of Public Events	15,000	15,000	5,000	10,000	
Postage	130,000	130,000	118,502	11,498	
Copiers/ Printers	55,000	55,000	45,732	9,268	
PILOT Payments to Hudson County	180,000	180,000		180,000	
Stationary and Office Supplies	69,000	69,000	30,626	38,374	
Utilities:					
Electricity	525,000	525,000	450,855	74,145	
Street Lighting	725,000	725,000	586,341	138,659	
Gasoline	400,000	400,000	307,739	92,261	
Fuel	50,000	50,000		50,000	
Water and Sewer	60,000	60,000	35,210	24,790	
Communications	320,000	320,000	312,193	7,807	
Salary Adjustments	3,555,000	3,555,000	3,555,000		
Master Plan	113,268	113,268	83,180	30,088	
Anticipated Terminal Leave Appropriation	1,000,000	1,000,000	867,560	132,440	
Hurricane Sandy		6,750,000	6,750,000		
Tax Revaluation		1,300,000	1,300,000		
Total Operations within "CAPS"	75,376,585	83,531,585	78,303,161	5,228,424	
Total Operations Including Contingent-within "CAPS"	75,376,585	83,531,585	78,303,161	5,228,424	

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Detail:					
Salaries & Wages	39,087,907	38,934,907	37,541,138	1,393,769	
Other Expenses (Including Contingent)	36,288,678	44,596,678	40,762,023	3,834,655	
Total:	<u>75,376,585</u>	<u>83,531,585</u>	<u>78,303,161</u>	<u>5,228,424</u>	

(E) Deferred Charges and Statutory Expenditures-

Municipal within "CAPS"

DEFERRED CHARGES:

Expenditures Without Authorization	187,444	187,444	187,444		
Overexpenditures of Grants	23,870	23,870	23,870		
2011 Budget Overexpenditures	22,890	22,890	22,890		
Prior Years Bills:					
HCIA-Sanitation	191,831	191,831	191,831		
Buzak Law Group-Legal	7,456	7,456	7,456		
Remington and Vernick-Engineering	4,290	4,290	4,290		
Weiner Lesniak-Legal	19,411	19,411	19,411		
Cliff Gibbons, LLC-Legal	531	531	531		
Kaufman Bern-Legal	61,242	61,242	61,242		
Over-Commitments-2011:					
Cliff Gibbons, LLC-Legal	8,656	8,656	8,656		
Florio Kenny-Legal	3,320	3,320	3,320		
Maraziti, Falcon & Healey, LLP-Legal	6,101	6,101	6,101		
McManimon & Scotland-Legal	3,158	3,158	3,158		
Parker McCay-Legal	4,626	4,626	4,626		
Ron Venturi-Legal	3,920	3,920	3,920		
Scarici & Hollembeck-Legal	36,714	36,714	36,714		
Vincent Lapaglia-Legal	5,832	5,832	5,832		
Weiner Lesniak-Legal	233,249	233,249	205,020		28,229

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
McElroy Deutsch-Legal	4,155	4,155	4,155		
McGuire Associates, LLC-Assessor	58,082	58,082	58,082		
Vincent Lapaglia-Assessor	2,103	2,103	2,103		
Institute for Forensic Psychology-Police	4,500	4,500	4,500		
Gold Type Business Machines-Police	5,250	5,250	5,250		
<b>STATUTORY EXPENDITURES:</b>					
Contribution to:					
Social Security System (O.A.S.I.)	1,900,000	1,900,000	1,304,908	595,092	
Consolidated Police and Firemen's Pension Fund	34,000	34,000	12,041	21,959	
Police and Firemen's Retirement System	6,468,188	6,468,188	6,468,188		
Public Employees Retirement System	1,549,688	1,549,688	1,185,836	363,852	
Unemployment Compensation Insurance	250,000	250,000	55,182	194,818	
Total Deferred Charges and Statutory Expenditures-Municipal within "CAPS"	<u>11,100,507</u>	<u>11,100,507</u>	<u>9,896,557</u>	<u>1,175,721</u>	<u>28,229</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>86,477,092</u>	<u>94,632,092</u>	<u>88,199,718</u>	<u>6,404,145</u>	<u>28,229</u>
Operations - Excluded from "CAPS"					
Maintenance of Free Public Library(P.L. 1985 Ch. 22)	3,234,919	3,234,919	3,234,919		
Other Expenses					
Interlocal Municipal Service Agreements					
Hoboken Housing Authority					
Police Salaries & Wages	<u>536,667</u>	<u>536,667</u>	<u>536,667</u>		
Total Other Operations - Excluded from "CAPS"	<u>3,771,586</u>	<u>3,771,586</u>	<u>3,771,586</u>		

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Public and Private Programs Offset by Revenues					
Body Armor Grant	12,146	12,146	12,146		
Hudson County Open Space	250,000	250,000	250,000		
Sustainable Jersey Grant	20,000	20,000	20,000		
Recycling Tonnage	37,033	37,033	37,033		
Port Authority Security Grant	297,000	297,000	297,000		
Justice Assistance Grant	14,579	14,579	14,579		
Hoboken PAL	30,000	30,000	30,000		
FEMA Safer Grant	1,118,600	1,118,600	1,118,600		
Homeland Security Port Security	24,824	24,824	24,824		
Firefighters Assistance Grant	14,708	14,708	14,708		
Firefighters Assistance Grant - Match	3,678	3,678	3,678		
Drive Sober or Get Pulled Over	4,400	4,400	4,400		
Community Development Block Grant	425,000	425,000	425,000		
Pedestrian Safety Grant	15,000	15,000	15,000		
Hudson County Open Space	100,000	100,000	100,000		
Safety Performance Award	100	100	100		
Cultural Affairs Partnership Arts	5,880	5,880	5,880		
Bike Corrals	5,000	5,000	5,000		
Alcohol Education Rehabilitation	1,295	1,295	1,295		
Drive Sober or Get Pulled Over	5,000	5,000	5,000		
Home Support and Adult Day Care	127,796	127,796	127,796		
Clean Communities	69,909	69,909	69,909		
Housing Inspection Program	70,000	70,000	70,000		

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
FEMA - Fire Boat	364,464	364,464	364,464		
Hoboken PAL	15,000	15,000	15,000		
Hudson County Open Space	3,000,000	3,000,000	3,000,000		
Summer Food Program 2012	32,653	32,653	32,653		
Firefighter Assistance Grant	16,394	16,394	16,394		
Firefighter Assistance Grant - Match	1,822	1,822	1,822		
DOT - Various Roads	396,000	396,000	396,000		
Cultural Affairs Partnership Arts	18,750	18,750	18,750		
Firefighters Assistance Grant 2011-2012	272,697	272,697	272,697		
Firefighters Assis. Grant 11-12 - Match	68,174	68,174	68,174		
Municipal Alliance	40,261	40,261	40,261		
Municipal Alliance - Match	10,066	10,066	10,066		
Matching Funds for Grants	34,500	34,500		34,500	
Total Public and Private Programs Offset by Revenues	6,922,729	6,922,729	6,888,229	34,500	
Total Operations-Excluded from "CAPS"	10,694,315	10,694,315	10,659,815	34,500	
Detail:					
Salaries and Wages	536,667	536,667	536,667		
Other Expenses	10,157,648	10,157,648	10,123,148	34,500	
Total:	10,694,315	10,694,315	10,659,815	34,500	

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Capital Improvements-Excluded from "CAPS"					
Containers Environmental Services Yard	16,000	16,000	15,334	666	
Computer Technology Updates	50,000	50,000	32,887	17,113	
Acquisition of Mason Dump Truck	50,000	50,000	49,741	259	
<b>Total Capital Improvements Excluded from "CAPS"</b>	<b>116,000</b>	<b>116,000</b>	<b>97,962</b>	<b>18,038</b>	
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	3,355,000	3,355,000	3,355,000		
Payment of Note Principal	444,020	444,020	444,020		
Interest on Notes	1,800,650	1,800,650	1,682,681		117,969
Interest on Notes	626,766	626,766	625,275		1,491
Green Trust Loan Program					
Loan Repayments for Principal and Interest	196,000	196,000	193,208		2,792
<b>Total Municipal Debt Service-Excluded from "CAPS"</b>	<b>6,422,436</b>	<b>6,422,436</b>	<b>6,300,184</b>		<b>122,252</b>
DEFERRED CHARGES:					
Emergency Authorization	358,605	358,605	358,605		
Overexpenditure of Appropriations	1,619,393	1,619,393	1,619,393		
<b>Total Deferred Charges - Municipal - Excluded from "CAPS"</b>	<b>1,977,998</b>	<b>1,977,998</b>	<b>1,977,998</b>		

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Judgements	400,000	400,000	400,000		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	19,610,749	19,610,749	19,435,959	52,538	122,252
Subtotal General Appropriations	106,087,841	114,242,841	107,635,677	6,456,683	150,481
Reserve for Uncollected Taxes	3,300,000	3,300,000	3,300,000		
Total General Appropriations	<u>\$ 109,387,841</u>	<u>117,542,841</u>	<u>110,935,677</u>	<u>6,456,683</u>	<u>150,481</u>
Adopted Budget		102,890,810			
Appropriations by 40a:4-87		6,497,031			
Emergency Appropriation		8,155,000			
		<u>117,542,841</u>			
Reserve for Uncollected Taxes			3,300,000		
Deferred Charges			1,977,998		
Interfunds			6,995,839		
Various Reserves			8,849,475		
Encumbrances			1,673,282		
Cash Disbursements			88,139,083		
			<u>\$ 110,935,677</u>		

See accompanying notes to the financial statements.

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## CITY OF HOBOKEN

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Animal License Fund:			
Cash	B-1	\$ 23,081	26,421
Other Trust Funds:			
Cash	B-1	8,711,722	9,330,967
Deferred Charges-Overexpenditure of Reserves	B-6		
Interfunds	B-5	157,649	140,132
		<u>8,869,371</u>	<u>9,471,099</u>
Section 8 - Housing Assistance Program:			
Cash	B-1	789,102	653,648
Due From Community Development Trust Fund	B-9		23,645
		<u>789,102</u>	<u>677,293</u>
Community Development Block Grant Trust Fund:			
Grants Receivable	B-12	537,320	946,975
Due from Section 8 - Housing Assistance Program	B-10	111,809	
Due from Federal and State Grant Fund	B-14	105,000	
		<u>754,129</u>	<u>946,975</u>
		<u>\$ 10,435,683</u>	<u>11,121,788</u>

CITY OF HOBOKEN

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-2	13,257	9,945
Due to State of New Jersey	B-3	627	644
Interfund	B-5	9,197	15,832
		<u>23,081</u>	<u>26,421</u>
Other Trust Funds:			
Due to State of New Jersey	B-4	93,245	62,939
Interfunds	B-5	1,210	1,002,649
Reserve for Other Trust Fund Deposits	B-6	8,774,916	8,405,511
		<u>8,869,371</u>	<u>9,471,099</u>
Section 8 - Housing Assistance Program:			
Due to Grantor - Section 8 Housing Assistance	B-8	47,711	47,711
Due to Community Development Block Grant Trust	B-9	111,809	
Reserve for Sect. 8 - Housing Assistance Program	B-7	629,582	629,582
		<u>789,102</u>	<u>677,293</u>
Community Development Block Grant Trust Fund			
Reserve for Community Dev. Block Grant	B-11	724,599	893,800
Due to Current Fund	B-13	29,530	29,530
Due to Section 8 - Housing Assistance Program	B-10		23,645
		<u>754,129</u>	<u>946,975</u>
		<u>\$ 10,435,683</u>	<u>11,121,788</u>

See accompanying notes to financial statements.

## CITY OF HOBOKEN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Cash	C-2/C-3	\$ 10,656,192	4,523,381
Accounts Receivable:			
Port Authority	C-4	1,658,521	1,658,521
NJ DEP	C-4	951,000	951,000
Developer - Maxwell Place Walkway	C-4	101,730	101,730
Interfunds	C-7	1,600,000	3,369,391
Deferred Charges to Future Taxation:			
Funded	C-5	31,691,108	35,215,526
Unfunded	C-6	70,801,571	71,245,591
		<u>\$ 117,460,122</u>	<u>117,065,140</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	\$ 30,517,442	33,872,442
Bond Anticipation Notes	C-9	42,894,270	31,338,290
Green Acres Trust Loan Payable	C-10	1,173,666	1,343,084
Improvement Authorizations:			
Funded	C-11	2,855,175	1,341,344
Unfunded	C-11	22,307,850	37,391,454
Reserve for Encumbrances	C-12	12,637,840	3,273,832
Capital Improvement Fund	C-13	913,577	913,577
Reserve for Hazmat Funds - Due from Grant	C-14	17,630	17,630
Reserve for Green Acres - 1600 Adams Street	C-14	200,000	200,000
Reserve for Green Acres - 1600 Park Avenue	C-14	341,000	341,000
Reserve for Tarragon Settlement	C-14		2,000,000
Reserve for Grants Receivable:			
Reconstruction of Pier C	C-14	2,609,521	2,609,521
Fund Balance	C-1	992,151	2,422,966
		<u>\$ 117,460,122</u>	<u>117,065,140</u>

There were \$27,907,301 and \$39,907,301 of Bonds and Notes Authorized but Not Issued on December 31, 2012 and December 31 2011 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 December 31, 2012

Balance, December 31, 2011	\$ 2,422,966
Increased by:	
Premium on Sale of Bond Anticipation Notes	<u>169,185</u>
	2,592,151
Decreased by:	
Budgeted Revenue	<u>1,600,000</u>
Balance, December 31, 2012	<u>\$ 992,151</u>

See accompanying notes to the financial statements.

CITY OF HOBOKEN, N.J.

Comparative Balance Sheet - Regulatory Basis

Parking Utility Fund

December 31, 2012 and 2011

<u>Assets</u>		<u>2012</u>	<u>2011</u>
Parking Utility Operating Fund:			
Cash	D-4	\$ 2,958,549	5,497,287
Due From Parking Utility Capital Fund	D-5	<u>200</u>	<u>1,974,000</u>
Total Parking Utility Operating Fund		<u>2,958,749</u>	<u>7,471,287</u>
Capital Fund:			
Cash	D-4	517,000	1,059,653
Fixed Capital	D-11	45,157,185	45,157,185
Fixed Capital Authorized and Uncompleted	D-12	<u>1,600,000</u>	<u>1,600,000</u>
Total Capital Fund		<u>47,274,185</u>	<u>47,816,838</u>
		<u>\$ 50,232,934</u>	<u>55,288,125</u>

## CITY OF HOBOKEN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Parking Utility Fund

December 31, 2012 and 2011

		<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Parking Utility Operating Fund:			
Appropriation Reserves	D-3,6	1,165,480	317,811
Security Deposits	D-7	233,776	233,776
Accrued Interest on Bonds and Notes	D-8	408,969	499,740
Reserve for Encumbrances	D-9	150,552	251,713
Interfund Accounts Payable:			
Due to Current Fund	D-10		1,654,119
Reserve for Debt Service	D-19		3,000,000
Fund Balance	D-1	999,972	1,514,128
		<hr/>	<hr/>
Total Parking Utility Operating Fund		2,958,749	7,471,287
Capital Fund:			
Interfund Accounts Payable:			
Due to General Capital Fund	D-13	1,600,000	
Due to Parking Utility Operating Fund	D-14	200	1,974,000
Bond Anticipation Notes	D-15	5,800,000	6,000,000
Serial Bonds Payable	D-16	17,545,000	18,730,000
Improvement authorization:			
Unfunded	D-17	716,800	885,653
Reserve for:			
Amortization	D-18	21,612,185	20,227,185
		<hr/>	<hr/>
Total Capital Fund		47,274,185	47,816,838
		<hr/>	<hr/>
		\$ 50,232,934	55,288,125
		<hr/>	<hr/>

There were \$1,800,000 and \$1,800,000 of Bonds and Notes Authorized But Not Issued on December 31, 2012 and December 31, 2011 respectively (Exhibit D-20).

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

Year Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenue and other income:		
Fund Balance Utilized	\$ 1,474,500	3,972,791
Revenues Anticipated	14,311,090	13,750,809
Liabilities Cancelled		48,159
Unexpended balance appropriation reserve	105,254	639,168
Total revenue and other income	<u>15,890,844</u>	<u>18,410,927</u>
Expenditures:		
Operating	8,406,842	7,308,027
Capital Improvements	110,000	205,000
Debt service	2,293,658	5,424,764
Deferred charges and statutory expenditures	620,000	495,000
Surplus (General Budget)	<u>3,500,000</u>	<u>3,500,000</u>
Total expenditures	<u>14,930,500</u>	<u>16,932,791</u>
Excess in revenues	960,344	1,478,136
Fund balance, Beginning	<u>1,514,128</u>	<u>4,008,783</u>
	2,474,472	5,486,919
Decreased by utilization by parking operating budget	<u>1,474,500</u>	<u>3,972,791</u>
Balance, Ending	<u>\$ 999,972</u>	<u>1,514,128</u>

See accompanying notes to financial statements.

CITY OF HOBOKEN, N.J.

Statement of Revenues - Regulatory Basis

Parking Utility Operating Fund

Year Ended December 31, 2012

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 1,474,500	1,474,500	
Parking Fees - Continuing Operations	9,300,000	8,984,264	(315,736)
Permits	1,400,000	1,331,382	(68,618)
Coupons	318,000	299,680	(18,320)
Interest		108	108
Boot Releases	475,000	719,130	244,130
Meter Income	1,900,000	2,529,509	629,509
Rentals	63,000	89,520	26,520
Miscellaneous		357,497	357,497
	<u>\$ 14,930,500</u>	<u>15,785,590</u>	<u>855,090</u>
		Surplus Anticipated \$ 1,474,500	
		Interfunds 200	
		Cash <u>14,310,890</u>	
		<u>\$ 15,785,590</u>	

See accompanying notes to financial statements.

## CITY OF HOBOKEN, N.J.

## Statement of Expenditures - Regulatory Basis

## Parking Utility Operating Fund

Year Ended December 31, 2012

	Appropriations		Paid or charged	Reserved
	Budget	Budget after Modification		
Operating:				
Salaries and Wages	\$ 4,140,500	4,140,500	3,140,409	1,000,091
Other Expenses	3,220,802	3,220,802	3,128,664	92,138
Other Expenses-Trustee Fees	40,000	40,000		40,000
Other Expenses - Group Health Benefits	1,005,540	1,005,540	1,005,540	
Total Operating	8,406,842	8,406,842	7,274,613	1,132,229
Capital Improvements				
Capital Outlay	110,000	110,000	76,749	33,251
Total Capital Improvements	110,000	110,000	76,749	33,251
Debt Service:				
Payment of Bond Principal	1,185,000	1,185,000	1,185,000	
Payment of Note Principal	200,000	200,000	200,000	
Interest on Bonds	854,143	854,143	854,143	
Interest on Notes	54,515	54,515	54,515	
	2,293,658	2,293,658	2,293,658	
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures - Contribution to:				
Public Employees' Retirement System	250,000	250,000	250,000	
Social Security	280,000	280,000	280,000	
Unemployment Compensation	90,000	90,000	90,000	
Total Deferred Charges and Statutory Expenditures	620,000	620,000	620,000	
Surplus (General Budget)	3,500,000	3,500,000	3,500,000	
	\$ 14,930,500	14,930,500	13,765,020	1,165,480

Cash Disbursed \$	11,403,591
Interfunds	1,302,219
Encumbered	150,552
Accrued Interest	908,658
	<u>\$ 13,765,020</u>

See accompanying notes to financial statements.

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**CITY OF HOBOKEN, N.J.**

**Comparative Statement of General Fixed Assets-Regulatory Basis**

**December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</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.

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**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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 DECEMBER 31, 2012 AND 2011**  
**(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.

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.

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

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

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

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

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.

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

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

Basis of Accounting, (continued)

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the 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.

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.

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

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

Basis of Accounting, (continued)

During the year ended December 31, 2012, the Council approved additional revenues and appropriations of \$6,497,031 in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body. The Council also approved \$6,750,000 of special emergency appropriations for Hurricane Sandy expenditures and \$1,300,000 of special emergency appropriations for tax revaluation expenses.

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

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

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

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

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

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

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

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

Basis of Accounting, (continued)

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

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

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the 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.

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

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

Basis of Accounting, (continued)

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.

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.

**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 December 31, 2012, \$-0- of the City's bank balance of \$61,774,705 was exposed to custodial credit risk.

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(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 December 31, 2012 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Increases</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
<b>Bonds Payable:</b>					
General Obligation Debt	\$33,872,442	\$	\$3,355,000	\$30,517,442	\$3,555,000
Parking Utility Obligation Debt	<u>18,730,000</u>	<u>          </u>	<u>1,185,000</u>	<u>17,545,000</u>	<u>1,250,000</u>
<b>Total Bonds Payable</b>	<u>52,602,442</u>	<u>          </u>	<u>4,540,000</u>	<u>48,062,442</u>	<u>4,805,000</u>
<b>Other Liabilities:</b>					
Green Acres Trust Loan	1,343,084		169,418	1,173,666	172,824
Pension Deferrals Payable	3,117,478		119,746	2,997,732	159,116
Compensated Absences Payable	<u>15,616,471</u>		<u>629,138</u>	<u>14,987,333</u>	
<b>Total Other Liabilities</b>	<u>20,077,033</u>	<u>          0</u>	<u>918,302</u>	<u>19,158,731</u>	<u>331,940</u>
	<u>\$72,679,475</u>	<u>          \$0</u>	<u>\$5,458,302</u>	<u>\$67,221,173</u>	<u>\$5,136,940</u>

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(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:

	Year Ended December 31, <u>2012</u>	Year Ended December 31, <u>2011</u>	Six Month Period Ended December 31, <u>2010</u>
Issued:			
General Bonds, Notes and Loans	\$74,585,377	\$66,553,816	\$70,358,388
Parking Utility Bonds, Notes and Loans	23,345,000	24,730,000	26,055,000
Local School District Debt	268,280		
Hoboken Hospital Authority*	<u>                    </u>	<u>48,230,000</u>	<u>50,150,000</u>
Net Debt Issued	<u>98,198,657</u>	<u>139,513,816</u>	<u>146,563,388</u>
Authorized But Not Issued:			
General Bond, Notes and Loans	27,907,301	39,907,301	28,896,003
Parking Utility Bonds, Notes and Loans	<u>1,800,000</u>	<u>1,800,000</u>	<u>200,000</u>
Total Authorized But Not Issued	<u>29,707,301</u>	<u>41,707,301</u>	<u>29,096,003</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$127,905,958</u>	<u>\$181,221,117</u>	<u>\$175,659,391</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 1.037%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$268,280	\$268,280	\$0
General Debt	102,492,678	341,000	102,151,678
Utility Debt	<u>25,145,000</u>	<u>25,145,000</u>	
	<u>\$127,905,958</u>	<u>\$25,754,280</u>	<u>\$102,151,678</u>

Net Debt \$102,151,678 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$9,847,950,817 equals 1.037%.

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

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

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

3 ½% of equalized valuation basis (municipal)	\$344,678,279
Net Debt	<u>102,151,678</u>
Remaining borrowing power	<u>\$242,526,601</u>

The City's long term debt consisted of the following at December 31, 2012:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds - Paid by Current Fund</u>	
\$7,382,000 Early Retirement Pension Refunding Bonds - with an interest rate of 5.45% to 7.14%, issued August 1, 2003, due through April 1, 2033	\$7,112,442
\$38,325,000 Refunding Serial Bonds - with an interest rate of 5.45% to 6.00%, issued November 1, 2003, due through February 1, 2018	<u>23,405,000</u>
	<u>\$30,517,442</u>

Green Acres Loans - Paid By Current Fund

The City has four 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	\$360,573
The 2003 Castle Point Park project award is at a rate of 2.0%, 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	200,844
The 2005 Multiple Park Project award is at a rate of 2.0%, 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>612,249</u>
	<u>\$1,173,666</u>

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

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

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

Parking Utility Bonds - Paid by Parking Utility Fund

\$26,530,000 Parking Utility General Obligation Bonds Series 2002 - with an interest rate of 3.80% to 5.25% issued January 1, 2003, due through January 1, 2023

\$17,545,000

The City's principal and interest for bonded debt and loans issued and outstanding as of December 31, 2012 is as follows:

	<u>General Capital Debt</u>		<u>Utility Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2013	\$3,727,824	\$1,638,956	\$1,250,000	\$828,984	\$7,445,764
2014	3,951,297	1,439,434	1,270,000	778,425	7,439,156
2015	4,189,841	1,227,046	1,320,000	718,375	7,455,262
2016	4,389,865	1,001,361	1,390,000	647,238	7,428,464
2017	4,573,348	764,056	1,460,000	572,425	7,369,829
2018	4,839,923	513,742	1,540,000	493,675	7,387,340
2019	441,529	372,476	1,690,000	412,138	2,916,143
2020	463,168	346,787	1,770,000	327,963	2,907,918
2021	524,839	318,466	1,860,000	239,650	2,942,955
2022	549,885	287,023	1,950,000	149,956	2,936,864
2023	557,147	253,134	2,045,000	49,756	2,905,037
2024	580,000	216,900			796,900
2025	660,000	176,600			836,600
2026	775,000	129,963			904,963
2027	217,820	96,999			314,819
2028	213,756	81,592			295,348
2029	212,557	66,373			278,930
2030	209,768	51,296			261,064
2031	207,099	36,413			243,512
2032	204,501	21,719			226,220
2033	<u>201,942</u>	<u>7,209</u>			<u>209,151</u>
	<u>\$31,691,109</u>	<u>\$9,047,545</u>	<u>\$17,545,000</u>	<u>\$5,218,585</u>	<u>\$63,502,239</u>

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(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.

In November 2011, the HMHA completed negotiations with Bayonne Medical Center (BMC) to purchase the Hoboken Hospital. The sale was completed and ownership was transferred to Hoboken University Medical Center Hold Co., a for profit entity, whose purchase of the hospital from the HMHA defeased the bonds guaranteed by the City of Hoboken.

**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 December 31, 2012, the City had \$42,894,270 in outstanding general capital bond anticipation notes. The City also had \$5,800,000 of Parking Utility Capital Bond Anticipation notes.

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

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

The following activity related to bond anticipation notes occurred during the period ended December 31, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
General Capital Fund				
(through Hudson County				
Improvement Authority)	\$31,338,290	\$42,894,270	\$31,338,290	\$42,894,270
Parking Utility Capital Fund				
(through Hudson County				
Improvement Authority)	<u>6,000,000</u>	<u>5,800,000</u>	<u>6,000,000</u>	<u>5,800,000</u>
	<u>\$37,338,290</u>	<u>\$48,694,270</u>	<u>\$37,338,290</u>	<u>\$48,694,270</u>

**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 December 31, 2012</u>	<u>2013 Budget Appropriation</u>	<u>Balance Succeeding Year Budget</u>
Current Fund:			
Emergency Appropriation	\$105,000	\$105,000	\$
Overexpenditure of Appropriations Reserves	3,238,784	1,619,393	1,619,391
Overexpenditure of Appropriations	1,009	1,009	
Federal and State Grant Fund:			
Overexpenditure of Appropriations	<u>18,260</u>	<u>          </u>	<u>18,260</u>
Total Deferred Charges	<u>\$3,363,053</u>	<u>\$1,725,402</u>	<u>\$1,637,651</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 DECEMBER 31, 2012 AND 2011**  
**(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 certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

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

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

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 6. PENSION PLANS, (continued)**

Description of Systems, (continued)

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

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

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

*Police and Firemens' Retirement System (PFRS)*

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

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

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

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 DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 6. PENSION PLANS, (continued)**

Contribution Requirements

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

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

<u>Period Ended</u>	<u>PERS</u>	<u>PFRS</u>
Year Ended December 31, 2012	\$1,549,592	\$6,468,188
Year Ended December 31, 2011	1,051,735	7,200,973
Six Months Ended December 31, 2010	-0-	-0-

Defined Contribution Retirement Program

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

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

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

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 6. PENSION PLANS, (continued)**

Defined Contribution Retirement Program, (continued)

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

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

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

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

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

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

**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. Employees are allowed to accumulate unused vacation pay and redeem such unused time in cash (with certain limitations) upon death or retirement.

The estimated accumulated vacation time liability as of December 31, 2012 was \$14,987,333.

**NOTE 8. FIXED ASSETS**

The General Fixed Asset Account Group has not had an updated report since 2004. The balance sheet is carrying the unchanged balance of \$38,450,690.

**CITY OF HOBOKEN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(continued)**

**NOTE 9. DUE TO/FROM OTHER FUNDS**

Balances due from/to other funds at December 31, 2012 consist of the following:

\$200	Due to the Parking Utility Operating Fund from the Parking Utility Capital Fund for interest earnings.
1,600,000	Due to the General Capital Fund from the Parking Utility Capital Fund for interfund advance.
9,197	Due to the Current Fund from the Animal License Trust Fund for statutory excess.
567	Due to the Current Fund from the Other Trust Fund for reimbursement of expenses.
642	Due to the Current Fund from the Escrow Trust Fund for interest earnings.
131,315	Due to the Tax Collector Premium Trust Fund from the Current Fund for reimbursement of expenses paid.
8,817	Due to the O&M Trust Fund from the Current Fund for receipts deposited in error.
17,517	Due to the Open Space Trust Fund from the Current Fund for Added/Omitted taxes.
105,000	Due to the Community Development Trust Fund from the Federal and State Grant Fund for reimbursement of expenses paid.
16,147	Due to the Payroll Fund from the Current Fund for reimbursement of expenses paid.
29,530	Due to the Current Fund from the Community Development Trust Fund for receipts deposited in error.
<u>1,163,524</u>	Due to the Current Fund from the Federal and State Grant Fund for reimbursement of expenses and net cancellations.
<u>\$3,082,456</u>	

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

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 10. RISK MANAGEMENT**

The City is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained insurance coverage to guard against these events which will provide minimum exposure to the City should they occur. During the 2012 calendar year, the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The City of Hoboken is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City of Hoboken is a member of the Garden State Municipal Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability and workers' compensation insurance coverage for member municipalities. The City of Hoboken pays an annual assessment to the JIF and should it be determined that payments received by the JIF are deficient, additional assessments may be levied.

The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The JIF's members are also members of the New Jersey Municipal Environmental Risk Management Fund which provides commercial insurance coverage for environmental impairment liability.

The JIF provides Property coverage (i.e. Boiler and Machinery, Flood, Valuable Papers, etc.) to its members by participating in a state-wide joint purchase program arranged by the MEL acting as a lead agency.

Financial statements for the Funds are available at the office of the Funds' Executive Director, Conner Strong/PERMA Risk Management Services.

The City of Hoboken continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CITY OF HOBOKEN  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(continued)**

**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:

	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
Prepaid Taxes	<u>\$856,040</u>	<u>\$725,486</u>
Cash Liability for Taxes Collected in Advance	<u>\$856,040</u>	<u>\$725,486</u>

**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:

**Hudson Healthcare, Inc.**

This law firm has represented the City, as special counsel only, with respect to one specific matter as to which we were consulted and which involved the Chapter 11 case of Hudson Healthcare, Inc. (“HHI”). Our representation of the City is described in our letter to you dated November 8, 2011 (copy attached.) (Capitalized term not defined in this letter shall have the recap set forth in the November 8<sup>th</sup> letter.)

Subsequent to the events described in our letter of November 8<sup>th</sup>, HHI and the HHI Creditors Committee have filed a Plan and Disclosure Statement that, as ultimately amended, in our opinion, conforms, insofar as the City’s interests are concerned, to the requirements of the Settlement Agreement. A hearing to consider confirmation of the Plan is presently scheduled to be heard by the Bankruptcy Court on July 17, 2012.

On July 31, 2012, the Bankruptcy Court entered “Findings of Fact, Conclusions of Law and Order Confirming the Third Amended Joint Plan of Liquidation” for HHI.

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**Maxwell Place Condominium Association, Inc. v. City of Hoboken**

Maxwell Place Condominium Association, Inc. filed a Complaint against the City of Hoboken seeking a variety of equitable relief related to the use by the City of certain open space designated as Block A. That open space consists of an improved grass and landscaped area of approximately one acre atop an underground parking garage. As part of the approval process for the development project, this parcel was to be made available to the public, but was to remain in the private ownership of the Condominium Association. The litigation seeks to compel the City to enter into certain arrangements with the Condominium Association regarding the operation and maintenance of the parcel, the enforcement of Rules and Regulations, and the liabilities of the parties regarding any injuries or damage to the premises. The Complaint further sought to enjoin the public's current use of Block A. The Court denied the preliminary injunctive relief sought by the Plaintiffs and sent the matter to a Mediator. Mediation was unsuccessful and the matter was returned to the regular Court docket. Plaintiffs amended their Complaint to include various claims for damages, including amounts that exceed the threshold set forth in your request. Those damages include an anticipated rental amount for the City's use of this Block A park in the amount of approximately \$146,000, but continuing to increase with the passage of time.

The City is responding vigorously to the challenge and is simultaneously seeking an out-of-court settlement that would eliminate any damages and allow the City to utilize the property in a manner acceptable to both parties. The City and the Plaintiffs arrived at a resolution as abovementioned which was approved by the City Council and Plaintiffs. In the post-balance period several issues arose as a result of the settlement but they have been adequately addressed without monetary damages.

**Jonathan Cummins v. City of Hoboken**  
**OAL Docket Numbers CSV 13219-11 and CSV 10784-12**

Mr. Cummins was removed from his employ with the City on May 17, 2011. Mr. Cummins is appealing his removal with the Civil Service. Damages are not covered by the City's insurance. If the City is unsuccessful, the City could owe Mr. Cummins back pay of this salary which is \$39,820.04 (thirty nine thousand eight hundred and twenty dollars and four cents) per year minus any mitigation of damages. Mr. Cummins is seeking his position with the City back, back pay and legal fees. This matter was tried before an Office of Administrative Law Judge and the City is awaiting a final decision from the Civil Service Commission. If the City is not successful at this level, the City will appeal.

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**City of Hoboken v. Ponte Equities, Inc., et al.**  
**Docket No. L-4095-12**

This matter commenced with the filing of a Verified Complaint in eminent domain on August 23, 2012 to acquire several lots in Block 12 in return for the payment of compensation of \$2.35 M. to the property owners. The matter was dismissed without prejudice on January 3, 2013 and several actions were ordered to be taken by the Court. The January 3, 2013 Order also allowed the City to move to reinstate the Complaint or an Amended Complaint after the terms of the Order were fulfilled.

The City moved during the post-balance period to reinstate the Complaint and other related relief. On August 14, 2013, the Honorable Peter F. Bariso ordered that an Amended Complaint be reinstated to acquire said property for the increased amount offered by the City of \$2.937M. and that three disinterested Commissioners be appointed to establish the value of the property. The Court further ordered that the City pay Defendants reasonable counsel fees for bringing the original motion to dismiss the City's Complaint. Defendant's counsel will have to file an Affidavit of Services with the Court and The City will have the right to challenge the reasonableness thereof. At this time we do not know whether the costs will exceed the threshold set forth above.

**Tax Appeals**

There were 293 tax appeal cases pending at December 31, 2012. These cases, when resolved, will be paid by future taxation or reserve for tax appeals. The reserve for tax appeals at December 31, 2012 has a balance of \$1,591,071.

**NOTE 13. DUE TO HOBOKEN PARKING AUTHORITY/HOBOKEN PARKING UTILITY**

The Hoboken Parking Authority ("HPA") initiated legal action against the Marina View Housing Company No. 1 for nonpayment of amounts due under the garage agreement dated April 25, 1973. On February 27, 1978, HPA and the Marina View Housing Company No. 1 reached a settlement under which it was agreed that the Marina View Housing Company No. 1 owed \$192,400 for all periods through December 31, 1977. The agreement also reduced the current monthly payment from \$13,336 to \$5,413, effective January 1, 1978.

By further agreements dated May 12, 1978 and April 15, 1980, entered into by HPA and the Marina View Housing Company No. 1, payment of the original settlement of \$192,400 and the revised current monthly payment have been deferred until such time as there is "surplus cash," as defined in the agreements, available to the Marina View Housing Company No. 1.

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 13. DUE TO HOBOKEN PARKING AUTHORITY/HOBOKEN PARKING UTILITY,**  
**(continued)**

The Marina View Housing Company No. 1 has accrued the revised monthly payment since January 1, 1978. The related expense recognized under this agreement, for each of the years ending December 31, 2012 and December 31, 2011, was \$64,950. The aggregate amount due to HPA is \$2,360,116 and \$2,295,166 as of December 31, 2012 and December 31, 2011, respectively.

**NOTE 14. FUND BALANCES**

Fund balances as of December 31, 2012 that have been anticipated as revenue in the 2013 budget is as follows:

Current Fund	\$9,838,522
Public Parking System Utility Operating Fund	\$792,223

**NOTE 15. POST RETIREMENT BENEFITS**

The City of Hoboken provides lifetime medical benefits to City employees who retire under the following conditions:

**Eligibility for Postemployment Welfare Benefits**

- Retire with at least 25 years of combined service in the New Jersey Police and Firemen's Retirement System (NJPFERS) and New Jersey Public Employees' Retirement System (NJPERS);
- Retire after age 62 with at least 20 years of service with the City of Hoboken;
- Retire under a disability retirement from the NJPFERS or NJPERS: Ordinary - 4 years of service (10 years for NJPERS); Accidental - no service requirement.
- 

**Medical Benefits**

The City offers the following medical plans to eligible retirees, dependents, and survivors: Traditional, PPO, POS and Direct Access. Current police and firemen are covered exclusively through the Direct Access Plan. The plans are fully-insured through Horizon Blue Cross Blue Shield of New Jersey. Plan summaries are contained in Appendix 4.

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 15. POST RETIREMENT BENEFITS, (continued)**

**Prescription Drug Benefits**

Prescription drug benefits are provided to eligible retirees, dependents, and survivors, which are fully-insured through Horizon Blue Cross Blue Shield of New Jersey. Plan summaries are contained in Appendix 4.

**Life Insurance Benefits**

Postemployment life insurance benefits are not offered by the City.

**Dental Benefits**

Fully insured postemployment dental benefits are provided to retirees, dependents, and survivors to those that retire with at least 25 years of service or qualify for disability retirement in NJPFRS/NJPERS and to eligible survivors of those that die while active.

**Vision Benefits**

Fully insured postemployment vision benefits are provided to retirees, dependents, and survivors to those that retire with at least 25 years of service or qualify for disability retirement in NJPFRS/NJPERS and to eligible survivors of those that die while active.

**Medicare**

Medical benefits coordinate with Medicare and most retirees participate in Medicare A and B upon eligibility for these programs. Eligible retirees, dependents, and survivors are reimbursed for the Part B premium by the City. The Medicare Part D prescription drug subsidy has not been considered in this valuation pursuant to the GASB statement.

**Dependent Coverage**

The City provides postretirement welfare benefits to spouses and eligible dependents and survivors of retirees. Coverage is also provided to eligible dependents of those that die while active.

The number of retirees receiving premium-free benefits as of January 1, 2012, the effective date of the biannual Other Post-Employment Benefit, herein referred to as "OPEB", valuation is 438. Active employees number 493 as of the same valuation date. There have been no significant changes in the number of covered retirees or type of coverage since the valuation date.

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 15. POST RETIREMENT BENEFITS, (continued)**

**Funding Policy**

The City currently accounts for these post retirement benefits on a pay-as-you-go basis.

**Actuarial Valuation Results**

The Actuarial Accrued Liability for current retirees is \$209,443,760, and for current active employees is \$150,179,264 for a total accrued liability of \$359,623,024.

**Summary of Valuation Results**

Actuarial Accrued Liability:	
Retiree	\$209,443,760
Active	<u>150,179,264</u>
Unfunded Actuarial Accrued Liabilities	<u>\$359,623,024</u>
Discount Rate	<u>4.00%</u>
Normal Cost	\$9,302,387

The following table utilizes the actuarially determined contribution for the year ended December 31, 2012 as opposed to actual payments. Differences between the actual expenditures and the actuarial contributions include discounts, deductibles, co-payments, and actuarial factors identified under “actuarial assumptions and methods” below.

**Level Dollar Amortization**  
**Calculation of Annual Required Contribution**  
**Under Projected Unit Cost Method**

Annual OPEB Cost	\$30,471,517
Actuarial Contribution Determination	<u>7,670,000</u>
Increase in Net OPEB Obligation	22,801,517
Net OPEB Obligation, Beginning of Year	<u>359,623,024</u>
Net OPEB Obligation, End of Year	<u>\$382,424,541</u>

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 15. POST RETIREMENT BENEFITS, (continued)**

Under GASB Statement 45, the City would recognize the cost of other post-employment benefits in the year when the employee services are received, report the accumulated liability from prior years, and provide information useful in assessing potential demands on the City's future cash flows. Since the City is using the modified accrual basis of accounting as prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, the City is not required to show any accrued liability on the face of its financial statements, only to the notes to those financial statements.

The actuarial valuation projected cash costs totaling \$49,572,000 through the year 2017 for current and future retiree medical benefits as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2013	\$8,535,000	2016	\$10,578,000
2014	9,248,000	2017	11,277,000
2015	9,934,000		

The actuarial assumptions used to value the City's post-employment benefits are of three types, economic, medical benefit and demographic.

Economic assumptions include the discount rate, or rate of return on investments, and health care cost trend rates and account for changes in the costs of benefits over time and the time value of money. The actuarial valuation assumes the City will continue to pay for benefits on a pay-as-you-go basis and continue to not fund the plan, therefore, the discount rate used, 4.00%, is based on the rate of return of the City's assets, since there are no plan assets. Health care trend rates through the year 2022 and later assumed are: increases in costs of traditional benefit plans ranging from 5.0% to 11.0%, prescription drug plan increases ranging from 5.0% to 9.5% and Medicare Part B cost increases of 5.0%.

Regarding medical benefit assumptions, the City's actuarial valuation elected to use age-banded incurred claims costs based on the claims costs used by the New Jersey State Health Benefits Program since the Traditional Indemnity Plan which primarily covers City retirees is similar in design to the State Health Benefits Traditional Plan. However, there were adjustments to reflect City medical and prescription drug claims experience and demographics. In addition, surviving spouses and direct-bill employees identified under "plan description" above, contribute 100% of the medical coverage cost and, therefore, it was concluded by the actuary these groups have no direct or implicit subsidy which is required to be considered in measuring the City's post-employment benefit liabilities.

**CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 15. POST RETIREMENT BENEFITS, (continued)**

Demographic assumptions include the following rates: mortality, retirement, withdrawal, disability, participation, dependent coverage and expenses. Of these, factors to note are participation rates are assumed at 100% of future retirees and 60% of eligible retirees assumed to have spousal coverage.

The actuarial cost method utilized for the City's actuarial valuation is the Projected Unit Credit method. It is an acceptable method under GASB Statement 45 and is a method whereas an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The normal cost amount is expected to increase annually at the discount rate, currently 4.00%. In addition, the asset valuation method is not applicable, as the plan is currently unfunded.

**NOTE 16. SUBSEQUENT EVENTS**

The City has evaluated subsequent events through September 18, 2013, the date which the financial statements were available to be issued and no other items were noted for disclosure.

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**SUPPLEMENTARY DATA AND SCHEDULES**

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# CITY OF HOBOKEN

## Supplementary Data

### Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>
Dawn Zimmer	Mayor	
Ravinder Bhalla	Councilmember	
David Mello	Councilmember	
Theresa Castellano	Councilmember	
Elizabeth Mason	Councilmember	
Michael Russo	Councilmember	
Jennifer Giattino	Councilmember	
Tim Occhipinti	Councilmember	
Peter Cunningham	Councilmember	
Quentin Wiest	Business Administrator	(A)
James J. Farina	City Clerk	(A)
George DeStefano	Chief Financial Officer	(A)
Sharon Curran	Tax Collector	(A)
Michael Mongiello	Municipal Court Judge	(A)
Cataldo Fazio	Municipal Court Judge	(A)
Rose Ann Gohde	Municipal Court Administrator	(A)
Matthew Connelly	Prosecutor	(A)

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**

**Supplementary data**

Comparative Schedule of Tax Rate Information

	Twelve Months ended December 31, <u>2012</u>	Twelve Months ended December 31, <u>2011</u>	Six Months ended December 31, <u>2010</u>
Tax rate	<u>4.750</u>	<u>4.621</u>	<u>4.745</u>
Apportionment of tax rate:			
Municipal	1.841	1.844	2.042
School	1.238	1.221	1.504
County	<u>1.671</u>	<u>1.556</u>	<u>1.199</u>

Assessed Value

Twelve Months ended December 31, 2012	\$ 2,969,743,789
Twelve Months ended December 31, 2011	3,010,230,709
Six Months ended December 31, 2010	3,035,024,800

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Collections</u>	<u>Percentage of Collection</u>
Twelve Months ended December 31, 2012\$	145,788,683	141,501,181	97.06%
Twelve Months ended December 31, 2011	140,400,124	135,682,665	96.64%
Six Months ended December 31, 2010	74,507,882	70,225,717	94.25%

Delinquent Taxes and Tax Title Liens

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

<u>Dec. 31</u>	<u>Amount of delinquent taxes</u>	<u>Tax title liens</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
Twelve Months ended December 31, 2012\$	1,545,434	422,339	1,967,773	1.35%
Twelve Months ended December 31, 2011	2,297,349	433,044	2,730,393	1.94%
Six Months ended December 31, 2010	1,033,187	299,164	1,332,351	1.79%

**CITY OF HOBOKEN**

**Supplementary data**

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2012 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>		<u>Amount</u>
Twelve Months ended December 31, 2012	\$	2,806,900
Twelve Months ended December 31, 2011		2,806,900
Six Months ended December 31, 2010		2,806,900

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Dec. 31</u>	<u>Utilized in budget of succeeding year</u>
<b>Current Fund</b>			
Twelve Months ended December 31, 2012	\$	19,221,458	9,838,522
Twelve Months ended December 31, 2011		19,104,592	6,012,671
Six Months ended December 31, 2010		25,850,342	9,585,000
Twelve Months ended June 30, 2010		20,613,946	1,900,000
Twelve Months ended June 30, 2009		14,110,824	500,000
<b>Parking Utility Operating Fund</b>			
Twelve Months ended December 31, 2012		999,972	792,223
Twelve Months ended December 31, 2011		1,514,128	1,474,500
Six Months ended December 31, 2010		4,008,783	3,972,791
Twelve Months ended June 30, 2010		1,917,298	131,000
Twelve Months ended June 30, 2009		1,312,680	300,000

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## CITY OF HOBOKEN, N.J.

## Cash Receipts and Disbursements -Treasurer

## Current Fund

Year Ended December 31, 2012

	Current Fund	Federal and State Grant Fund
Balance December 31, 2011	\$ 23,217,229	1,569,857
Increased by Receipts:		
Tax Collector	141,429,548	
Miscellaneous Revenue Not Anticipated	826,842	
Interfunds Received	6,246,133	80,062
Due From State of New Jersey	40,545	
Revenue Accounts Receivable	39,940,749	
Tax Title Lien	9,617	
Tax Overpayments	1,059,632	
Water Liens Receivable		
Prepaid Taxes	856,040	
Special Emergency Note	8,050,000	
Various Reserves		
Unappropriated Reserves for Grants		38,341
State and Federal Grants Receivable		4,149,181
	<u>198,459,106</u>	<u>4,267,584</u>
	221,676,335	5,837,441
Decreased by:		
Current Year Budget Appropriations	88,139,083	
Appropriation Reserves	3,450,257	
Tax Overpayments	260,326	
County Taxes Payable	50,056,446	
Local District School Taxes	36,758,684	
Open Space Taxes	619,563	
Various Reserves	957,903	
Interfunds	6,885,052	
Revenue Refunds	301,193	
Appropriated Reserves for Grants		4,491,191
Encumbrances Payable		780,609
	<u>187,428,507</u>	<u>5,271,800</u>
Balance December 31, 2012	<u>\$ 34,247,828</u>	<u>565,641</u>

**CITY OF HOBOKEN, N.J.**

**Schedule of Cash - Change Fund**

**Current Fund**

**Year Ended December 31, 2012**

Balance December 31, 2011	\$ <u>300</u>
Balance December 31, 2012	\$ <u><u>300</u></u>
Analysis of Balance: Tax Collector	\$ <u><u>300</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 December 31, 2012**

Balance December 31, 2011		\$	28,946
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	13,500	
Veterans' Deductions Per Tax Billing		<u>32,000</u>	
			<u>45,500</u>
			74,446
Decreased by:			
Senior Citizen Deductions Disallowed		2,000	
State Share of Senior Citizens and Veteran Deductions Received in Cash		<u>40,545</u>	
			<u>42,545</u>
Balance December 31, 2012		\$	<u><u>31,901</u></u>

**Schedule of Amount Due from/(to) State of New Jersey**

**Year Ended December 31, 2012**

Balance December 31, 2011		\$	3,950,758
Increased by:			
Anticipated Revenue		<u>84,400</u>	
Balance December 31, 2012		\$	<u><u>4,035,158</u></u>
Qualified Bond Aid		\$	<u>4,035,158</u>
		\$	<u><u>4,035,158</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

		Current Fund								
		Year Ended December 31, 2012								
Period	Balance, December 31, 2011	Levy	Collected 2011	Collected 2012	Senior Citizen and Veteran Deductions	Applied	Transferred to Tax Title Liens	Tax Appeals pursuant to R.S. 54:3-21	Canceled	Balance, Dec. 31, 2012
SFY 2008	21									21
SFY 2010	22,587			1,091,203						22,587
2011	2,274,741			1,091,203					1,146,742	36,796
	2,297,349								1,146,742	59,404
2012		145,788,683	725,486	140,338,345	43,500	393,850	7,163	2,794,309		1,486,030
		<u>145,788,683</u>	<u>725,486</u>	<u>141,429,548</u>	<u>43,500</u>	<u>393,850</u>	<u>7,163</u>	<u>2,794,309</u>	<u>1,146,742</u>	<u>1,545,434</u>

Analysis of Tax Levy

Tax yield:	
General Purpose Tax	\$ 141,796,497
Added/Omitted Taxes	<u>3,992,186</u>
	\$ 145,788,683
Tax Levy:	
Local District School Tax	\$ 36,757,219
County Tax	\$ 49,620,968
County Added and Omitted Taxes	<u>1,402,072</u>
	<u>51,023,040</u>
	87,780,259
Local Tax for Municipal Purposes	54,067,909
Additional Taxes	<u>3,940,515</u>
	<u>58,008,424</u>
	\$ 145,788,683

**Exhibit A-9**

**CITY OF HOBOKEN, N.J.**

**Schedule of Tax Title Liens**

**Current Fund**

**Year Ended December 31, 2012**

Balance December 31, 2011		\$	433,044
Increased by:			
Transfers from Taxes Receivable			<u>7,163</u>
			440,207
Decreased by:			
Cash Receipt	9,617		
Cancelled	<u>8,251</u>		
			<u>17,868</u>
Balance December 31, 2012		\$	<u><u>422,339</u></u>

**Exhibit A-10**

**Schedule of Property Aquired for Taxes**

**Current Fund**

**Year Ended December 31, 2012**

Balance December 31, 2011		\$	<u>2,806,900</u>
Balance December 31, 2012		\$	<u><u>2,806,900</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Water Liens Receivable

Current Fund

Year Ended December 31, 2012

Balance December 31, 2011	\$	36,275
Decreased by:		
Cancellation		<u>35,330</u>
Balance December 31, 2012	\$	<u><u>945</u></u>

## CITY OF HOBOKEN, N.J.

## Schedule of Revenue Accounts Receivable

## Current Fund

## Year Ended December 31, 2012

<u>Source</u>	<u>Balance December 31, 2011</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance December 31, 2012</u>
Licenses and Fees:				
Alcoholic Beverages	\$	307,015	307,015	
Other		209,079	209,079	
Fees and Permits		393,995	393,995	
Zoning Board of Adjustment Fees		135,122	135,122	
Planning Board Fees		11,600	11,600	
Rent Leveling Fees		48,746	48,746	
Fines and Costs:				
Municipal Court	342,389	4,140,751	4,188,138	295,002
Interest and Costs on Taxes		263,665	263,665	
Parking Tax		1,204,914	1,204,914	
Riverview Cablevision Associates		654,567	654,567	
Interest on Investments and Deposits		59,360	59,360	
Rents on City Owned Property		68,005	68,005	
SJP Properties - Block A-Phase I		1,162,830	1,162,830	
SJP Properties - Block A-Phase II		1,071,984	1,071,984	
SJP Properties/Applied Block B		200,000	200,000	
Applied Development Co. - South Waterfront - Block C		1,235,072	1,235,072	
1300 Grand Street (Pilot Payment)		787,500	787,500	
Grogan Marineview Plaza		743,666	743,666	
Clocktowers		105,628	105,628	
Marion Towers Associates		178,242	178,242	
Church Towers Urban Renewal		531,240	531,240	
Columbian Towers		127,153	127,153	
Columbian Arms		29,872	29,872	
Willow Avenue Associates - 800 - 812 Willow Avenue		70,520	70,520	
1200 Grand Street		1,029,940	1,029,940	
Applied Housing - 1203-1219 Willow Avenue		102,132	102,132	
Applied Housing - 1201-1221 Washington Estates		129,530	129,530	
Applied Housing - 1200-1220 Hudson Estates		281,938	281,938	
Applied Housing - 1301-1309 Bloomfield Estates		96,506	96,506	
Applied Housing - Midway 500-508 Adams Street		80,502	80,502	
Applied Housing - Elysian Estates		125,572	125,572	
Applied Housing - Church Square		159,323	159,323	
Applied Housing - Eastview Associates		134,390	134,390	
Applied Housing - Westview Associates		214,583	214,583	
Applied Housing - Northvale I - 911-923 Clinton Street		173,325	173,325	
Applied Housing - Northvale II - 901-919 Clinton Street		129,831	129,831	
Applied Housing - Northvale IIIA		106,896	106,896	
Applied Housing - Northvale III B - 1106-1014 Clinton Street		148,240	148,240	
Applied Housing - Northvale IV - 58 11th Street		21,042	21,042	
1118 Adams Street		122,684	122,684	
1100 Adams Street		462,152	462,152	
PILOTS Interest		17,632	17,632	
Parking Utilities Surplus		3,500,000	3,500,000	
Consolidated Municipal Property Tax Relief Aid		4,359,295	4,359,295	
Energy Receipts Tax		6,753,740	6,753,740	
Uniform Construction Code Fees		1,280,204	1,280,204	
Hoboken Housing Authority - Public Safety		512,480	512,480	
Uniform Fire Safety Act		88,667	88,667	
Outside Duty Police Administration		93,236	93,236	
Verizon TV Franchise Fee		205,750	205,750	
1001 Jefferson		793,028	793,028	

CITY OF HOBOKEN, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2012

<u>Source</u>	Balance December 31, <u>2011</u>	<u>Accrued</u>	<u>Collected</u>	Balance December 31, <u>2012</u>
W Hotel		542,815	542,815	
Hotel/Motel Occupancy Fee		525,959	525,959	
800 Jackson Ave. (PILOT)		769,905	769,905	
United Water Concession		182,000	182,000	
Path/NJ Transit BL 139 L4		7,639	7,639	
Capital Fund Balance		1,600,000	1,600,000	
333 River Road		1,486,300	1,486,300	
	<u>342,389</u>	<u>39,977,762</u>	<u>40,025,149</u>	<u>295,002</u>
			\$ 39,940,749	
			<u>84,400</u>	
			<u>\$ 40,025,149</u>	

CITY OF HOBOKEN, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Current Fund

Year Ended December 31, 2012

Fund	Balance December 31, 2011	Increases	Decreases	Balance December 31, 2012
Federal and State Grant Fund	1,201,138	6,968,291	7,005,905	1,163,524
Trust Funds:				
Animal License Trust	15,832	9,197	15,832	9,197
Other Trust	256	575	264	567
Developers Escrow Trust	1,315	643	1,315	643
Tax Collector Premium Trust	(124,297)		7,018	(131,315)
O&M Trust Loan	(8,817)			(8,817)
Open Space Trust Fund			17,517	(17,517)
Community Development Trust	29,530			29,530
Workers Compensation Trust	1,078		1,078	
Payroll Fund			16,147	(16,147)
Parking Operating Fund	1,654,119	4,394,469	6,048,588	
General Capital Fund	(2,369,390)	2,538,644	169,254	
	<u>400,764</u>	<u>13,911,819</u>	<u>13,282,918</u>	<u>1,029,665</u>
Due to Current Fund	2,903,268	11,373,175	13,072,982	1,203,461
Due from Current Fund	<u>(2,502,504)</u>	<u>2,538,644</u>	<u>209,936</u>	<u>(173,796)</u>
	<u>\$ 400,764</u>	<u>13,911,819</u>	<u>13,282,918</u>	<u>1,029,665</u>

Analysis of Changes

Receipts	\$	6,246,133
Disbursements	6,885,052	
Open Space Taxes		17,517
Reimbursement for expenses paid	3,924,678	23,429
Bond Defeasance	3,092,250	
Interest Earnings	642	
Statutory Excess	9,197	
Appropriations		<u>6,995,839</u>
	<u>\$</u>	<u>13,911,819</u>
		<u>13,282,918</u>

**CITY OF HOBOKEN, N.J.**

**Schedule of Due from County of Hudson Open Space**

**Current Fund**

**Year Ended December 31, 2012**

Balance December 31, 2011	\$ <u>460,963</u>
Balance December 31, 2012	\$ <u><u>460,963</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2012

Description	Balance December 31, <u>2011</u>	<u>Added</u>	Raised in 2012 <u>Budget</u>	Balance December 31, <u>2012</u>
Current Fund:				
Emergency Authorizations	\$ 358,605	105,000	358,605	105,000
Overexpenditure of Appropriation Reserves	4,858,177		1,619,393	3,238,784
Overexpenditure of Appropriations	22,890	1,009	22,890	1,009
Expenditures without Appropriations	187,444		187,444	
Federal and State Grant Fund:				
Overexpenditure of Appropriations	<u>23,870</u>	<u>18,260</u>	<u>23,870</u>	<u>18,260</u>
	<u>\$ 5,450,986</u>	<u>124,269</u>	<u>2,212,202</u>	<u>3,363,053</u>

## CITY OF HOBOKEN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2012

	Balance, December 31, 2011	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
General Government:				
Mayor and Council				
Salaries and Wages	184	184		184
Other Expenses	5,651	6,144	1,383	4,761
City Council				
Salaries and Wages	74	74		74
Other Expenses	1,024	1,427	193	1,234
Office of the Clerk				
Other Expenses	2,479	2,950	1,872	1,078
Other Expenses - Legal Advertising	319	15,346	14,245	1,101
Other Expenses - Codification of Ordinances	7,313	13,453	6,140	7,313
Salaries and Wages - Elections	17,327	17,327		17,327
Other Expenses - Elections	86,827	88,344	480	87,864
Department of Administration				
Business Administrator's Office				
Salaries and Wages	5,777	5,777		5,777
Other Expenses	6,118	9,911	5,069	4,842
Purchasing				
Salaries and Wages	12,383	12,383		12,383
Other Expenses	133	133		133
Personnel and Health Benefits				
Salaries and Wages	1,144	1,143		1,143
Other Expenses	1,411	1,590	470	1,120
Zoning and Administration				
Salaries and Wages	846	846		846
Other Expenses	692	2,433	138	2,295
Uniform Construction Code				
Salaries and Wages	5,302	5,302		5,302
Other Expenses	186,610	187,749	5,279	182,470
Corporation Council				
Salaries and Wages	212	212		212
Other Expenses	41,950	44,145	25,934	18,211
Other Expenses - Special Council	49,502	394,344	349,595	44,749
Other Expenses - Expert Witness & Appraisal	24,470	24,470		24,470
Revenue and Finance Director				
Salaries	1,322	1,322		1,322
Other Expenses	9,213	43,638	37,838	5,800
Tax Collections				
Salaries and Wages	410	410		410
Other Expenses	10,923	22,262	17,218	5,044
Information Technology				
Salaries and Wages	129	129		129
Other Expenses	9,665	24,758	22,806	1,952
Municipal Court				
Salaries and Wages	18,275	18,275		18,275
Other Expenses	39,573	45,735	6,543	39,192
Public Defender				
Salaries and Wages	14	14		14
Other Expenses	1,313	1,713		1,713
Office of the Tax Assessor				
Salaries and Wages	105	105		105
Other Expenses	4,174	28,839	19,299	9,540
Department of Human Services				
Director's Office				
Salaries and Wages	2,270	2,270		2,270
Other Expenses	1,000	1,216	216	1,000
Rent Leveling				
Salaries and Wages	44	44		44
Other Expenses	1,103	2,494	958	1,536
Housing Inspections				
Salaries and Wages	92	92		92
Other Expenses	29	597	568	29
Health				
Salaries and Wages	7,422	7,422		7,422
Other Expenses	62,985	87,606	24,806	62,800

## CITY OF HOBOKEN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2012

	Balance, December 31, <u>2011</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Senior Citizens				
Salaries and Wages	12,146	12,146		12,146
Other Expenses	1,236	4,675	2,694	1,981
Recreation and Cultural Affairs				
Salaries and Wages	583	583		583
Other Expenses	32,690	35,017	2,187	32,830
Department of Environmental Services				
Director's Office				
Salaries and Wages	41,239	41,239		41,239
Other Expenses	51,023	56,721	6,426	50,295
Parks				
Salaries and Wages	4,330	4,330		4,330
Other Expenses	17,330	34,165	14,195	19,970
Public Property				
Other Expenses	31,170	75,915	41,005	34,910
Streets and Roads				
Salaries and Wages	277	277		277
Other Expenses	49,670	73,609	36,554	37,055
Central Garage				
Other Expenses	489	28,323	22,371	5,952
Sanitation				
Salaries and Wages	11,932	11,932		11,932
Other Expenses	279,392	626,701	559,551	67,150
Department of Community Development				
Director's Office				
Salaries and Wages	8,337	8,337		8,337
Other Expenses	28	28		28
Grants Management				
Other Expenses	6,158	12,158	6,000	6,158
Planning Board				
Salaries and Wages	10,010	10,010		10,010
Other Expenses	56	244	120	124
Zoning Board of Adjustment				
Other Expenses	16,940	38,902	31,845	7,057
Redevelopment				
Other Expenses	42,416	150,565	145,284	5,281
Historical Preservation Committee				
Other Expenses	52	212	160	52
Department of Public Safety				
Police				
Salaries and Wages	288,862	288,862		288,862
Other Expenses	4,144	105,110	98,292	6,818
Acquisition of Vehicles		56,440	56,440	
Fire				
Salaries and Wages	53,957	53,957		53,957
Other Expenses	7,986	36,728	24,297	12,431
Office of Emergency Management				
Salaries and Wages	341	341		341
Other Expenses	422	1,302	287	1,015
Insurance				
General Liability	701,238	701,238	86,115	615,123
Worker's Compensation	307,547	390,324	212,628	177,696
Employee Group Health	329,262	340,077	26,974	313,103
UNCLASSIFIED:				
Alcoholic Beverage Control Board				
Salaries and Wages	154	154		154
Other Expenses	929	997	478	519
North Hudson Regional Council of Mayors				
Other Expenses	7	28,354	28,347	7
Settlement of Claims Against the City	10,000	10,000		10,000
Towing/Storage of Abandoned Vehicles	3,384	4,134	910	3,224
Engineering	22,580	31,784	30,215	1,569
Labor Arbitrations	4,396	4,396	3,957	439
Municipal Dues and Memberships	3,500	3,500		3,500
Celebration of Public Events	9,131	9,281	150	9,131
Postage	33,083	33,168	2,479	30,689
Office Machines	7,704	7,704	7,704	

## CITY OF HOBOKEN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2012

	Balance, December 31, 2011	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Stationary and Office Supplies	16,955	45,078	36,388	8,690
Utilities:				
Electricity	72,715	100,955	86,826	14,129
Street Lighting	70,755	133,617	128,297	5,320
Gasoline	38,460	38,460	24,701	13,759
Fuel	21,039	21,039		21,039
Water and Sewer	56,438	56,843	30,683	26,160
Communications	17,964	45,743	37,881	7,862
Salary Adjustments	<u>1,045,213</u>	<u>1,045,213</u>	<u>1,045,213</u>	
Total Operations within "CAPS"	<u>4,373,479</u>	<u>5,945,516</u>	<u>3,378,704</u>	<u>2,566,812</u>
STATUTORY EXPENDITURES:				
Contribution to:				
Social Security System (O.A.S.I.)	495,536	495,536		495,536
Consolidated Police and Firemen's Pension Fund	11,664	11,664		11,664
Public Employees Retirement System	341,964	341,964	7,878	334,086
Prior Year Pension Adjustment	13,323	13,323		13,323
Unemployment Compensation Insurance	59,415	59,415	33,870	25,545
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	<u>921,902</u>	<u>921,902</u>	<u>41,748</u>	<u>880,154</u>
Public and Private Programs Offset by Revenues:				
Matching Funds for Grants				
FEMA Fire Apparatus	25,824	47,551	43,599	3,952
Hudson County HHS Municipal Alliance - Match	10,066	10,066	10,066	
FEMA Fire Equipment Match	<u>13,203</u>	<u>13,203</u>		<u>13,203</u>
Total Public and Private Programs Offset by Revenues	<u>49,093</u>	<u>70,820</u>	<u>53,665</u>	<u>17,155</u>
Capital Improvements-Excluded from "CAPS"				
Computer Technology Updates	<u>8,369</u>	<u>13,630</u>	<u>5,261</u>	<u>8,369</u>
Total Capital Improvements-Excluded from "CAPS"	<u>8,369</u>	<u>13,630</u>	<u>5,261</u>	<u>8,369</u>
Judgements		<u>7,250</u>	<u>7,250</u>	
Total Expenditures	<u>\$ 5,352,843</u>	<u>6,959,118</u>	<u>3,486,628</u>	<u>3,472,490</u>

Appropriation Reserves \$ 5,352,843  
 Encumbrances 1,606,275  
\$ 6,959,118

Transfer to Reserves \$ 25,824  
 Accounts Payable 10,547  
 Cash 3,450,257  
\$ 3,486,628

**CITY OF HOBOKEN, N.J.**

**Schedule of County Taxes Payable**

**Current Fund**

**Year Ended December 31, 2012**

Balance December 31, 2011	\$	435,478
Increased by:		
Levied		<u>51,023,040</u>
		51,458,518
Decreased by:		
Cash Disbursements		<u>50,056,446</u>
Balance December 31, 2012	\$	<u><u>1,402,072</u></u>

**CITY OF HOBOKEN, N.J.**  
**Schedule of Tax Overpayments**  
**Current Fund**  
**Year Ended December 31, 2012**

Balance December 31, 2011		\$	207,125
Increased by:			
Collections			1,059,632
			1,266,757
Decreased by:			
Overpayments Applied	\$	393,850	
Refunds		301,193	
			695,043
Balance December 31, 2012		\$	571,714

**CITY OF HOBOKEN, N.J.**

**Schedule of Local District School Taxes Payable**

**Current Fund**

**Year Ended December 31, 2012**

Balance December 31, 2011	\$	19,351
Increased by:		
Levy		<u>36,757,219</u>
		36,776,570
Decreased by:		
Payments		<u>36,758,684</u>
Balance December 31, 2012	\$	<u><u>17,886</u></u>

**CITY OF HOBOKEN, N.J.**

**Schedule of Accounts Payable**

**Current Fund**

**Year Ended December 31, 2012**

Increased By:

Transferred from Appropriation Reserves

\$ 10,547

Balance December 31, 2012

\$ 10,547

**CITY OF HOBOKEN, N.J.**

**Schedule of Prepaid Taxes**

**Current Fund**

**Year Ended December 31, 2012**

Balance December 31, 2011	\$ 725,486
Increased By:	
Cash Receipts	<u>856,040</u>
	1,581,526
Decreased By:	
Applied	<u>725,486</u>
Balance December 31, 2012	\$ <u><u>856,040</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Various Reserves

Current Fund

Year Ended December 31, 2012

<u>Program</u>	Balance, December 31, <u>2011</u>	Increased by	Decreased by	Balance, December 31, <u>2012</u>
Tax Appeals	\$ 2,603,618		1,012,547	1,591,071
Reserve for Retroactive Pay		2,329,318		2,329,318
PILOT - County Share	1,012,666		202,533	810,133
FEMA Fire Apparatus		25,824		25,824
Hurricane Sandy Expenditures		5,220,157		5,220,157
Revaluation		1,300,000		1,300,000
	<u>\$ 3,616,284</u>	<u>8,875,299</u>	<u>1,215,080</u>	<u>11,276,503</u>
Disbursements		\$	957,903	
Canceled			257,177	
Appropriation Reserves		25,824		
Appropriations		<u>8,849,475</u>		
		<u>\$ 8,875,299</u>	<u>1,215,080</u>	

CITY OF HOBOKEN, N.J.

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

Current Fund

Year Ended December 31, 2012

<u>Purpose</u>	<u>Date</u>	<u>Amount Authorized</u>	Not Less Than 1/5 of Amount <u>Authorized</u>	Added in 2012	Balance, Dec. 31, 2012
Revaluation of Real Property	9/19/2012	1,300,000	260,000	\$ 1,300,000	\$ 1,300,000
Hurricane Sandy	11/13/2012	6,750,000	1,350,000	6,750,000	6,750,000
				<u>\$ 8,050,000</u>	<u>\$ 8,050,000</u>

CITY OF HOBOKEN, N.J.

Schedule of Special Emergency Notes Payable

Current Fund

Year Ended December 31, 2012

<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>Increased</u>	<u>Balance, Dec. 31, 2012</u>
Revaluation of Real Property	December 28, 2012	12/28/12	6/28/13	1.35%	\$ 1,300,000	\$ 1,300,000
Hurricane Sandy	December 28, 2012	12/28/12	6/28/13	1.35%	6,750,000	6,750,000
					<u>\$ 8,050,000</u>	<u>8,050,000</u>

## CITY OF HOBOKEN, N.J.

## Schedule of Grants Receivable

## Federal and State Grant Fund

Year Ended December 31, 2012

	Balance, December 31, <u>2011</u>	2012 Budget Revenue <u>Realized</u>	<u>Collections</u>	<u>Cancelled</u>	Balance, December 31, <u>2012</u>
1600 Park Ave Development	\$ 300,000				300,000
State Local Cooperative Housing Inspection Program	25,003				25,003
Multi Service Center Roof Replacement	200,000				200,000
Child Care Services	100,000			100,000	
Family Planning Services	20,000			20,000	
United Cerebral Palsy	2,000			2,000	
City Recreation Program	10,000			10,000	
Click it or Ticket	4,000				4,000
Walk Safe Hoboken Pedestrians	2,800				2,800
2008 Roadway Improvement Project	67,289				67,289
Clean Energy Program	41,692				41,692
Jubilee Center	50,000			50,000	
Over Limit/Under Arrest	600				600
2009 Pedestrian Safety/Walk Safe	800				800
Senior Emergency Funds	2,583				2,583
Home Support and Adult Daycare	62,221				62,221
NJDOT 2010 Aid Program Various Streets	165,594				165,594
United Cerebral Palsy	2,000			2,000	
NJDOT-Safe Streets to Transit	24,035		24,035		
Body Armor Replacement Fund	4,309		2,566		1,743
NJEDA Hazardous Site Remediation	29,387				29,387
Clean Communities	12,084				12,084
NJ Dept of Health HINI	56,754				56,754
Hudson County Open Space 1600 Park Ave	300,000				300,000
Hudson County Cultural and Heritage	1,184				1,184
Homeland Security Safer Grant	42,491				42,491
FEMA - Fire Equipment Grant - Match	4,530				4,530
Municipal Court DWI Grant	1				1
Hoboken 911 Memorial on Pier	250,000				250,000
Business Stimulus Fund Grant	6,500				6,500
Summer Food Program	168				168
CDBG - 2010	562,000			562,000	
State Local Cooperative Housing Inspection Program	54,716				54,716
Cultural Affairs Studio Tour/Concert	800				800
FEMA Grant - Fire Apparatus	427,962		427,962		
Green Acres - DEP Waterfront Reconstruction	900,000				900,000
Municipal Alliance - Grant (2011)	35,157		33,973		1,184
Hudson Co. HHS Senior Citizens - 2011 #688	360				360
Hudson Co. HHS Senior Citizens - 2011 #88	29,144				29,144
2010 Open Space Grant - Castle Point/Sinatra Park	500,000		500,000		
NJ DOT - 2010 Hudson Place Funding	80,000		80,000		
NJ DOT - 2011 Aid for Various Streets	113,512				113,512

## CITY OF HOBOKEN, N.J.

## Schedule of Grants Receivable

## Federal and State Grant Fund

Year Ended December 31, 2012

	Balance, December 31, 2011	2012 Budget Revenue Realized	Collections	Cancelled	Balance, December 31, 2012
NJ DOT - 2009 Roadway Improvements	265,220				265,220
FY 2011 State Tourism Grant	1,501		1,501		
NJ DOT 2008/2009 Safe Streets to Transit	80,000				80,000
Summer Food Program 2011	151		151		
US Soccer Foundation - 2011 Planning Grant	8,000				8,000
Community Development Block Grant - 2011	103,386			103,386	
Pedestrian Safety Highway Grant	16,000		16,000		
US Dept of Justice - National Police Athletic League - 2011-2012 Mentoring Program	30,000				30,000
Edward Byrne Memorial Justice Assistance Grant - (JAG)	18,585		18,585		
Safety Performance Award		100	100		
Cultural Affairs Partnership Arts		5,880	4,410		1,470
Bike Corrals		5,000	5,000		
Alcohol Education Rehabilitation		1,295	1,295		
Drive Sober or Get Pulled Over		5,000	5,000		
Home Support and Adult Daycare		127,796	31,289		96,507
Clean Communities		69,909	69,909		
Housing Inspection Program		70,000	70,000		
FEMA - Fire Boat		364,464			364,464
Hoboken PAL		15,000			15,000
Municipal Alliance - Grant (2012)		40,261	4,800		35,461
Firefighters Assistance Grant 2011-2012		272,697	272,697		
Body Armor Replacement Fund		12,146	12,146		
Hudson County Open Space		250,000			250,000
Sustainable Jersey Grant		20,000	10,000		10,000
Recycling Tonnage Grant		37,033	37,033		
Port Authority Security Grant		297,000			297,000
Justice Assistance Grant		14,579			14,579
Hoboken PAL		30,000	19,026		10,974
FEMA Safer Grant		1,118,600			1,118,600
Homeland Security Port Security		24,824			24,824
Firefighters Assistance Grant		14,708			14,708
Dirve Sober or Get Pulled Over		4,400	4,050		350
Community Development Block Grant - 2012		425,000		425,000	
Pedestrian Safety Highway Grant		15,000			15,000
Hudson County Open Space		100,000	100,000		
Hudson County Open Space		3,000,000	2,350,000		650,000
Summer Food		32,653	32,653		
Firefighter Assistance Grant		16,394			16,394
DOT - Various Roads		396,000			396,000
Cultural Affairs Partnership Arts		18,750	15,000		3,750
	<u>\$ 5,014,519</u>	<u>6,804,489</u>	<u>4,149,181</u>	<u>1,274,386</u>	<u>6,395,441</u>

CITY OF HOBOKEN, N.J.

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Program</u>	<u>Received</u>	Balance, December 31, <u>2012</u>
Forestry Grant	\$ 6,500	6,500
State Housing Inspection Grant	19,570	19,570
FEMA Firefighters Assitance Grant - 2010	16,394	16,394
Summer Food Program	<u>5,943</u>	<u>5,943</u>
	<u>\$ 48,407</u>	<u>48,407</u>
	Cash Receipts \$ 38,341	
	Interfunds <u>10,066</u>	
	<u>\$ 48,407</u>	

CITY OF HOBOKEN, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Federal and State Grant Fund

Year Ended December 31, 2012

	Balance, December 31, <u>2011</u>	<u>Increase</u>	<u>Decrease</u>	Balance, December 31, <u>2012</u>
Current Fund	(1,201,138)	117,676	80,062	(1,163,524)
Community Development Trust Fund	<u>                    </u>	<u>                    </u>	<u>105,000</u>	<u>(105,000)</u>
	<u>\$ (1,201,138)</u>	<u>117,676</u>	<u>185,062</u>	<u>(1,268,524)</u>

Budget Appropriations	\$ 107,610		
Unappropriated Grant Reserves	10,066		
Reimbursement for Expenses Paid			105,000
Cash Receipts		<u>                    </u>	<u>80,062</u>
		<u>\$ 117,676</u>	<u>185,062</u>

## CITY OF HOBOKEN, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	Balance, December 31, <u>2011</u>	2012 Grants <u>Budgeted</u>	<u>Expenditures</u>	<u>Canceled</u>	Balance, December 31, <u>2012</u>
Hudson County Open Space	1				1
1600 Park Ave Development	300,000				300,000
2008 Pedestrian Safety Walk Safe	941				941
Summer Food Program	4,822				4,822
Home Support and Adult Day Care	25,400				25,400
Multi Service Center Roof Replacement	155,457		(15,624)	(171,081)	
Child Care Sevices	94,693		94,693		
Family Planning Services	9,585		9,585		
City Recreation Program	10,000				10,000
Click it or Ticket	4,000				4,000
Body Armor Replacement Fund	5,061				5,061
Walk Safe Hoboken Pedestrians	3,600				3,600
Clean Communities	11,259		(216)		11,475
Clean Communities	9,309		6,705		2,604
2008 Roadway Improvement Project	63,205				63,205
Save the Youth	16		(70)		86
2009 Roadway Improvement Project	12,536				12,536
Jubilee Center	38,279		723	(37,556)	
Over Limit/Under Arrest	200				200
2009 Pedestrian Safety/Walk Safe	90,905				90,905
NJDOT 2010 Aid Program Various Streets	3,680				3,680
United Cerebral Palsy	2,000			(2,000)	
NJDOT-Safe Streets to Transit	80,000				80,000
Drunk Driving Enforcement Grant	5,942				5,942
NJEDA Hazardous Site Remediation	374				374
Clean Communities	4,692		3,056		1,636
Clean Communities	12,084				12,084
NJ Dept of Health H1N1	55,752				55,752
Hepatitis B	4,705				4,705
NJ Health Officers Assn			(300)		300
Hudson County Open Space - 1600 Park Ave			(1,371)		1,371
NJ Body Armor	12,642				12,642
Pal of NJ, Juvenile Justice Program: FY'09/10 Afterschool	23,360				23,360
Alcohol Education and Rehab 2009	955				955
Alcohol Education and Rehab 2008	53				53
Hoboken 911 Memorial on Pier	188,874		2,145		186,729
Recycling Tonnage	25,021		1,153		23,868
Summer Food Program	351				351
CDBG 2010	117,090		(130,816)	(247,906)	
Clean Communities	33,061		27,689		5,372
Cultural Affairs Studio Tour/Concert	2,650				2,650
FEMA Grant - Fire Apparatus			(23,242)		23,242
Green Acres - DEP Waterfront Reconstruction	900,000		900,000		
Municipal Alliance - Grant (2011)	8,991		8,991		
Safe the Youth Program (2007)			(1,760)		1,760

## CITY OF HOBOKEN, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	Balance, December 31, 2011	2012 Grants <u>Budgeted</u>	<u>Expenditures</u>	<u>Canceled</u>	Balance, December 31, 2012
2010 Open Space Grant - Castle Point/Sinatra Park	500,000		500,000		
FEMA - Fire Equipment Grant	118,827		53,353		65,474
Municipal Court DWI Grant	1,510				1,510
NJ DOT - 2010 Hudson Place Funding	31,553				31,553
NJ DOT - 2011 Aid for Various Streets	353,021		353,021		
NJ DOT - 2009 Roadway Improvements	410,732				410,732
FY 2011 State Tourism Grant	207				207
NJ DOT 2008/2009 Safe Streets to Transit	5,040				5,040
Summer Food Program 2011	4,455		1,631		2,824
US Soccer Foundation - 2011 Planning Grant	8,000				8,000
Domestic Violence	1,250				1,250
Public Healthcare Management Caregivers	5,291				5,291
Public Healthcare Management Caregivers	38,424				38,424
Walk Safe Hoboken	8,000				8,000
Computer Program for the Elderly - DYFS	674				674
Clean Communities	97,387				97,387
Fire Department Grant	47,438				47,438
Senior Emergency Funds	3,059				3,059
08-09 Summer Food	25,728				25,728
Over the Limit Under Arrest	300				300
Public Health Priority Funding	17,409				17,409
Body Armor Replacement Fund	14,377				14,377
Adult Day Care	27,055				27,055
Cultural Affairs Studio Tourism	7,680				7,680
Bullet Proof Vest - Federal	5,132				5,132
Save the Youth	17,881				17,881
Community Development Block Grant - 2011	382,485		(14,958)	(390,843)	6,600
Pedestrian Safety Highway Grant	14,000		14,000		
US Dept of Justice - National Police Athletic League - 2011-2012 Mentoring Program	16,958		3,450		13,508
Recycling Tonnage	23,922				23,922
Edward Byrne Memorial Justice Assistance Grant - (JAG)	18,585		18,546		39
Body Armor Replacement Fund	11,833		10,344		1,489
Safety Performance Award		100			100
Cultural Affairs Partnership Arts		5,880	5,880		
Bike Corrals		5,000	3,966		1,034
Alcohol Education Rehabilitation		1,295			1,295
Drive Sober or Get Pulled Over		5,000	5,000		
Home Support and Adult Daycare		127,796	127,796		
Clean Communities		69,909			69,909
Housing Inspection Program		70,000	70,000		
FEMA - Fire Boat		364,464	364,460		4
Hoboken PAL		15,000	11,117		3,883
Municipal Alliance - Grant (2012)		40,261	5,766		34,495
Municipal Alliance - Grant (2012) - Match		10,066	7,713		2,353
Firefighters Assistance Grant 2011-2012		272,697	272,639		58

## CITY OF HOBOKEN, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	Balance, December 31, <u>2011</u>	2012 Grants <u>Budgeted</u>	<u>Expenditures</u>	<u>Canceled</u>	Balance, December 31, <u>2012</u>
Firefighters Assistance Grant 2011-2013 - Match		68,174	68,160		14
Body Armor Replacement Fund		12,146			12,146
Hudson County Open Space		250,000			250,000
Sustainable Jersey Grant		20,000			20,000
Recycling Tonnage Grant		37,033			37,033
Port Authority Security Grant		297,000			297,000
Justice Assistance Grant		14,579			14,579
Hoboken PAL		30,000			30,000
FEMA Safer Grant		1,118,600			1,118,600
Homeland Security Port Security		24,824			24,824
Firefighters Assistance Grant		14,708	11,328		3,380
Firefighters Assistance Grant - Match		3,678			3,678
Dirve Sober or Get Pulled Over		4,400	4,050		350
Community Development Block Grant - 2012		425,000		(425,000)	
Pedestrian Safety Highway Grant		15,000			15,000
Hudson County Open Space		100,000	100,000		
Hudson County Open Space		3,000,000	2,341,562		658,438
Summer Food		32,653	31,692		961
Firefighter Assistance Grant		16,394	12,124		4,270
Firefighter Assistance Grant - Match		1,822	1,822		
DOT - Various Roads		396,000	396,000		
Cultural Affairs Partnership Arts		18,750	16,355		2,395
	<u>\$ 4,539,759</u>	<u>6,888,229</u>	<u>5,678,158</u>	<u>(1,274,386)</u>	<u>4,475,444</u>

Budget Appropriations \$ 391,198  
Appropriations by 40a:4-87 6,497,031

\$ 6,888,229

Cash Disbursements \$ 4,491,191  
Encumbrances 1,186,967

\$ 5,678,158

CITY OF HOBOKEN, N.J.

Schedule of Reserve for Encumbrances

Federal and State Grant Fund

Year Ended December 31, 2012

Balance December 31, 2011		\$	867,349
Increased By:			
Transferred from Budget Appropriations			<u>1,186,967</u>
			2,054,316
Decreased By:			
Cash Disbursements	\$	780,609	
Prior Year Encumbrances cancelled		<u>86,740</u>	
			<u>867,349</u>
Balance December 31, 2012		\$	<u><u>1,186,967</u></u>

CITY OF HOBOKEN

Schedule of Cash - Treasurer

Trust Funds

Year Ended December 31, 2012

	Animal License Fund	Other Trust Funds	Section 8 - Housing Assistance Program
Balance - December 31, 2011	\$ 26,421	9,330,967	653,648
Increased by:			
Animal License Fees	12,509		
Due to State of New Jersey -			
Dog License Fees	1,990		
Marriage Licenses		12,675	
Burial Permits		15	
Construction Code DCA Fees		84,904	
Various Reserves		5,952,522	
Interfund - Current Fund		642	
Interfund - General Capital Fund			
Community Development Block Grant Receipts			834,655
	<u>14,499</u>	<u>6,050,758</u>	<u>834,655</u>
	<u>40,920</u>	<u>15,381,725</u>	<u>1,488,303</u>
Decreased by:			
Reserve for Animal License Expenditures			
Due to State of New Jersey	2,007	66,723	
Various Reserves		5,600,634	
Interfunds	15,832	1,002,646	105,000
Community Development Block Grant Disbursements			594,201
	<u>17,839</u>	<u>6,670,003</u>	<u>699,201</u>
Balance - December 31, 2012	\$ <u>23,081</u>	<u>8,711,722</u>	<u>789,102</u>

CITY OF HOBOKEN

Schedule of Reserve for Expenditures -  
Animal License Fund

Trust Funds

Year Ended December 31, 2012

Balance - December 31, 2011	\$	9,945
Increased by:		
Dog license fees		<u>12,509</u>
		22,454
Decreased by:		
Statutory Excess		<u>9,197</u>
Balance - December 31, 2012	\$	<u><u>13,257</u></u>

License Fees Collected

2011	11,669
TY 2010	<u>1,588</u>
	\$ <u><u>13,257</u></u>

CITY OF HOBOKEN

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

Trust Funds

Year Ended December 31, 2012

Balance - December 31, 2011	\$	644
Increased by:		
2012 Fees Collected		<u>1,990</u>
		2,634
Decreased by:		
Payments to State of New Jersey		<u>2,007</u>
Balance - December 31, 2012	\$	<u><u>627</u></u>

CITY OF HOBOKEN

Schedule of Due to State of New Jersey  
Trust Funds

Year Ended December 31, 2012

	Due to/(from) Balance December 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance December 31, <u>2012</u>
Marriage Licenses	\$ 2,350	12,675	13,225	1,800
Burial Permits	10	25	20	15
Construction Code DCA Fees	<u>60,579</u>	<u>84,904</u>	<u>54,053</u>	<u>91,430</u>
	<u>62,939</u>	<u>97,604</u>	<u>67,298</u>	<u>93,245</u>
Cash Receipts		97,604		
Cash Disbursements			66,723	
Interfunds			<u>575</u>	
		<u>97,604</u>	<u>67,298</u>	

## CITY OF HOBOKEN

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

Year Ended December 31, 2012

<u>Fund</u>	Balance December 31, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2012</u>
Current Fund:				
Animal License Fund	(15,832)	15,832	9,197	(9,197)
Other Trust	(256)	264	575	(567)
Developers Escrow Trust	(1,315)	1,315	642	(642)
Tax Collector Premium Trust	124,297	7,018		131,315
O&M Trust Loan	8,817			8,817
Open Space Trust		17,517		17,517
Workers Compensation Trust	(1,078)	1,078		
General Capital Fund	<u>(1,000,000)</u>	<u>1,000,000</u>		
	<u>(885,367)</u>	<u>1,043,024</u>	<u>10,414</u>	<u>147,243</u>
Due to Other Trust Fund	133,114	24,535		157,649
Due from Other Trust Fund	<u>(1,018,481)</u>	<u>1,018,489</u>	<u>10,414</u>	<u>(10,406)</u>
	<u>\$ (885,367)</u>	<u>1,043,024</u>	<u>10,414</u>	<u>147,243</u>

Analysis of Changes

Disbursements	\$ 1,018,478	
Statutory Excess		9,197
Interest Earnings		642
Open Space Trust	17,517	
Reimbursement for expenses paid	<u>7,029</u>	<u>575</u>
	<u>\$ 1,043,024</u>	<u>10,414</u>

## CITY OF HOBOKEN

## Schedule of Miscellaneous Reserves

## Trust Funds

Year Ended December 31, 2012

	Balance, December 31 <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2012</u>
Reserve for:				
150th Anniversary	\$ 9,710			9,710
Community Resource Account	27,247		2,362	24,885
Cultural Affairs Account	310,699	271,527	246,137	336,089
Police Outside Employment	26,359	1,210,970	1,201,319	36,010
Hoboken PAL	3,358	775	1,531	2,602
Police Department Investigation	601			601
Sept. 11th Memorial Fund	20,153	2,470	96	22,527
Shade Tree Commission	24			24
Unclaimed Bail	33,409	4,252	300	37,361
Municipal Court Public Defender	5,877	410		6,287
Ragamuffin Parade	1,925		1,800	125
Fire Education Fund	104,208	60,694	72,287	92,615
Fire Regular Penalties	60,315	18,750	2,369	76,696
Police-LEFT	223,497	60,485		283,982
POAA Trust	737,692	69,576	146,252	661,016
POAA Furniture Municipal Court	8,264	30,000	23,794	14,470
Municipal Court-OT-POAA	9,012	75,000	63,327	20,685
POAA Municipal Court Carpeting	20,559	41,251	34,765	27,045
Tax Collector Premiums	252,262	530,438	782,700	
St Patricks Day Parade	6,250			6,250
Bike Rack Donations	445	430		875
Comp Services	2,252	1,732	3,984	
Open Space	1,359,841	642,157	26,142	1,975,856
Escrow	602,498	343,465	384,917	561,046
Tax Sale Premiums	485,721			485,721
Law Enforcement	189,290	2,012		191,302
O & M Fund	1,379,371	467,802	249,117	1,598,056
O & M Fund-Hoboken South Waterfront	1,058,862	174,708	33,642	1,199,928
O & M Fund-W Hotel	411,504	108,366	1,371	518,499
Wanaque RCA Escrow	194			194
Green Township RCA Escrow	53		53	
North Haledon RCA Escrow	24,320	26		24,346
Hazmat	133,519		3,478	130,041
Redevelopment	19,557			19,557
QCA Allied Risk	73,966		73,966	
Board Inspection	17,795	2,100		19,895
Collector of Revenue Redemption Trust	751,077	1,694,371	2,095,130	350,318
Recreation Fees	33,825	102,277	112,245	23,857
City Parks		52,241	37,550	14,691
Hurricane Sandy Donations		1,754		1,754
	<u>\$ 8,405,511</u>	<u>5,970,039</u>	<u>5,600,634</u>	<u>8,774,916</u>
		Cash	5,952,522	
		Interfunds	17,517	
			<u>5,970,039</u>	

**Exhibit B-7**

**CITY OF HOBOKEN**

**Section 8 - Housing Assistance Program**

**Schedule of Reserves for Section 8 - Housing Assistance Program**

**Year Ended December 31, 2012**

Balance - December 31, 2011	\$ <u>629,582</u>
Balance - December 31, 2012	\$ <u><u>629,582</u></u>

**Exhibit B-8**

**Section 8 - Housing Assistance Program**

**Schedule of Due to Grantor**

**Year Ended December 31, 2012**

Balance - December 31, 2011	\$ <u>47,711</u>
Balance - December 31, 2012	\$ <u><u>47,711</u></u>

**CITY OF HOBOKEN**

**Section 8 - Housing Assistance Program**

**Schedule of Due to(from) Community Development Block Grant Trust Fund**

**Year Ended December 31, 2012**

Balance - December 31, 2011	\$ (23,645)
Increased by:	
Cash Receipts	<u>834,655</u>
	811,010
Decreased by:	
Disbursements	<u>699,201</u>
Balance - December 31, 2012	<u><u>\$ 111,809</u></u>

**Community Development Block Grant Trust Fund**

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

**Year Ended December 31, 2012**

Balance - December 31, 2011	\$ (23,645)
Increased by:	
Cash Receipts	<u>834,655</u>
	811,010
Decreased by:	
Cash Disbursements	<u>699,201</u>
Balance - December 31, 2012	<u><u>\$ 111,809</u></u>

**Exhibit B-11**

**CITY OF HOBOKEN**

**Community Development Block Grant Trust Fund**

**Schedule of Reserve for Community Development Block Grant**

**Year Ended December 31, 2012**

Balance - December 31, 2011	\$ 893,800
Increased by:	
Grant Awards	<u>425,000</u>
	1,318,800
Decreased by:	
Disbursements	<u>594,201</u>
Balance - December 31, 2012	<u><u>\$ 724,599</u></u>

**Exhibit B-12**

**Community Development Block Grant Trust Fund**

**Schedule of Community Development Block Grant Receivable**

**Year Ended December 31, 2012**

Balance - December 31, 2011	\$ 946,975
Increased by:	
Grant Awards	<u>425,000</u>
	1,371,975
Decreased by:	
Receipts	<u>834,655</u>
Balance - December 31, 2012	<u><u>\$ 537,320</u></u>

**CITY OF HOBOKEN**

**Community Development Block Grant Trust Fund**

**Schedule of Due to Current Fund**

**Year Ended December 31, 2012**

Balance - December 31, 2011	\$ <u>29,530</u>
Balance - December 31, 2012	\$ <u><u>29,530</u></u>

**CITY OF HOBOKEN**

**Community Development Block Grant Trust Fund**

**Schedule of Due From/(To) Federal and State Grant Fund**

**Year Ended December 31, 2012**

Increased by:

Reimbursement for expenses paid

\$ 105,000

Balance - December 31, 2012

\$ 105,000

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**CITY OF HOBOKEN, N.J.**

**Schedule of Cash**

**General Capital Fund**

**Year Ended December 31, 2012**

Balance, December 31, 2011		\$	4,523,381
Increased by Receipts:			
Interfunds	\$	3,538,644	
Bond Anticipation Notes		12,000,000	
Fund Balance		<u>169,185</u>	
Reserves			<u>15,707,829</u>
			20,231,210
Decreased by Disbursements:			
Improvement Authorizations	\$	2,881,933	
Interfunds		1,769,253	
Reserves		50,000	
Encumbrances		3,273,832	
Fund Balance		<u>1,600,000</u>	
			<u>9,575,018</u>
Balance, December 31, 2012		\$	<u><u>10,656,192</u></u>

CITY OF HOBOKEN, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2012

Reserve for Receivables	\$	2,609,521
Reserve for Payment of Notes		558,630
Reserve for Encumbrances		12,637,840
Amount Due from Parking Utility Capital Fund		(1,600,000)
Capital Improvement Fund		913,577
Fund Balance		992,151
Grants Receivable		(2,711,251)

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
	Creation of North Park	(267,836)
	Bond Ordinance for Tax Overpayment Refunds	(371,667)
R302	Improvements - City Hall	22,169
DR621/388	Various Road Improvements	(946,982)
DR326	Reconstruction of Pier C	(2,609,521)
	Construction of Waterfront Walkway	98,412
Z-18	Improvements to 1600 Park and Hoboken Cove	(1,740,150)
Z-23	Acquisition of Fire Apparatus	(429,179)
Z-30	Castle Point and Sinatra Park Waterfront Walkway	247,592
Z-33	Various Capital Improvements	123,915
Z-40	Acquisition of Public Works Garage	199,817
Z-77	Acquisition of Quantar Station & SX8MCX Conventional Master Repeaters	32,700
Z-94	Acquisition of Various Parcels of Land	775,894
Z-95	Improvements to Various Parks	207,873
Z-149	Acquisition of Capital Equipment and the Completion of Various Capital Improvements	(13,313)
Z-218	Affordable Housing Projects	<u>1,926,000</u>
		\$ <u>10,656,192</u>

**CITY OF HOBOKEN, N.J.**  
**Schedule of Grants Receivable**  
**General Capital Fund**  
**Year Ended December 31, 2012**

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance, Dec. 31, 2011</u>	<u>Balance, Dec. 31, 2012</u>
	Port Authority:		
DR-326	Reconstruction of Pier C	\$ 1,658,521	\$ 1,658,521
DR-326	New Jersey Department of Environmental Protection: Reconstruction of Pier C	951,000	951,000
	Developer's Share:		
	Reserve for Maxwell Place Walkway	<u>101,730</u>	<u>101,730</u>
		<u>\$ 2,711,251</u>	<u>\$ 2,711,251</u>

**CITY OF HOBOKEN, N.J.**

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

**General Capital Fund**

**Year Ended December 31, 2012**

Balance, December 31, 2011		\$ 35,215,526
Decreased by:		
Green Acres Loans Paid	\$ 169,418	
General Serial Bonds Paid	<u>3,355,000</u>	
		<u>3,524,418</u>
Balance, December 31, 2012		\$ <u>31,691,108</u>

CITY OF HOBOKEN, N.J.

Schedule of Deferred Charges to  
Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Balance		Funded	Analysis of Balance - December 31, 2012		Unexpended Improvement Authorization
		Dec. 31, 2011	Dec. 31, 2012		Bond Anticipation Notes	Expenditures	
	<b>General Improvements:</b>						
R13	Reconstruction & Renovation of Certain Piers Creation of North Park	597,990 371,667	700,000 371,667	(102,010)	700,000		371,667
	Bond Ordinance for Tax Overpayment Refunds	267,836	267,836				267,836
DR42	Various Projects and Improvements	4,057,990	3,740,000	317,990	3,740,000		
DR233	Improvements of Buildings and Equipment	2,777,990	2,462,940	315,050	2,462,940		
DR233	Acquisition of Vehicles and Equipment	422,580	422,580		422,580		
DR233	Land Parcel Acquisition	2,000,000	2,000,000		2,000,000		
DR621/388	Various Road Improvements	1,677,990	1,765,000	(87,010)	715,000		103,018
DR326	Reconstruction of Pier C	2,609,521	2,609,521				2,609,521
Z-18	Improvements to 1600 Park Ave & Hoboken Cove	4,127,000	4,127,000		1,500,000		1,740,150
Z-23	Acquisition of Fire Apparatus	579,500	579,500				429,179
Z-30	Castle Point and Sinatra Park Waterfront Walkway	12,000,000	12,000,000		12,000,000		
Z-33	Various Capital Improvements	403,750	403,750		403,750		
Z-40	Acquisition of Public Works Garage	15,950,000	15,950,000		15,950,000		
Z-94	Acquisition of Various Parcels of Land	19,000,000	19,000,000				19,000,000
Z-95	Improvements to Various Parks	1,520,000	1,520,000		1,520,000		
Z-149	Acquisition of Capital Equipment and the Completion of Various Capital Improvements	2,881,777	2,881,777		1,480,000		1,388,464
		<b>\$ 71,245,591</b>	<b>70,801,571</b>	<b>444,020</b>	<b>42,894,270</b>		<b>6,378,648</b>
	Budget Appropriations		444,020				
		<b>\$ 444,020</b>					

Improvement Authorizations - Unfunded		22,307,850
Less: Unexpended Bond Anticipation		
Note Proceeds:		
Ordinance		
Z30	247,592	
Z33	123,915	
Z40	199,817	
Z95	207,873	
		779,197
		<b>\$ 21,528,653</b>

CITY OF HOBOKEN, N.J.

Schedule of Interfund Due from/(to) Various Funds

General Capital Fund

Year Ended December 31, 2012

	Balance Dec. 31, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance Dec. 31, <u>2012</u>
Current Fund	\$ 2,369,391	169,253	2,538,644	
Other Trust Fund	1,000,000		1,000,000	
Parking Utility Capital Fund	<u>                    </u>	<u>1,600,000</u>	<u>                    </u>	<u>1,600,000</u>
	<u>\$ 3,369,391</u>	<u>1,769,253</u>	<u>3,538,644</u>	<u>1,600,000</u>
Receipts		\$	3,538,644	
Disbursements		<u>1,769,253</u>	<u>                    </u>	
		<u>\$ 1,769,253</u>	<u>3,538,644</u>	

CITY OF HOBOKEN, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, Dec. 31, 2012		Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
			Date	Amount				
Early Retirement Pension Refunding Bonds	Aug. 1, 2003	\$ 7,382,000	04/01/13	140,000	5.45%	\$ 7,217,442	105,000	7,112,442
			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	02/01/13	3,415,000	5.12%	26,635,000	3,250,000	23,405,000
			02/01/14	3,590,000	5.33%			
			02/01/15	3,785,000	5.33%			
			02/01/16	3,985,000	5.33%			
			02/01/17	4,200,000	5.33%			
		02/01/18	4,430,000	5.33%				
						<u>\$ 33,872,442</u>	<u>3,355,000</u>	<u>30,517,442</u>

CITY OF HOBOKEN, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Amount of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance		Balance Dec. 31, 2012
						Dec. 31, 2011	Decreased	
R-13	Various Improvements	3,890,000	1/21/2004	8/7/2013	1.50%	\$ 597,990	486,985	700,000
DR-233	Acquisition of Land, Vehicles & Equipment	11,400,000	1/30/2006	8/7/2013	1.50%	5,200,570	5,089,565	4,885,520
DR-42	Improvement to City Buildings & Parks	4,987,500	4/18/2006	8/7/2013	1.50%	4,057,990	3,946,985	3,740,000
DR-388	Various Road Improvements	850,000	9/9/2009	8/7/2013	1.50%	627,990	516,985	715,000
Z-33	Various Capital Improvements	403,750	8/31/2010	8/7/2013	1.50%	403,750	403,750	403,750
Z-40	Acquisition of Public Works Garage	15,950,000	8/31/2010	8/7/2013	1.50%	15,950,000	15,950,000	15,950,000
Z-30	Repair of Castle Point Park & Sinatra Walkway	9,000,000	8/7/2012	8/7/2013	1.50%	9,000,000	9,000,000	9,000,000
Z-95	Improvements to Various Parks	1,520,000	8/7/2012	8/7/2013	1.50%	1,520,000	1,520,000	1,520,000
Z-149	Acquisition of Capital Equipment & Completion of Various Capital Improvements	1,480,000	8/7/2012	8/7/2013	1.50%	1,480,000	1,480,000	1,480,000
Z-18	Improvements to 1600 Park Ave & Hoboken Cove	1,500,000	7/1/2010	6/5/2013	2.00%	1,500,000	1,500,000	1,500,000
Z-30	Repair of Castle Point Park & Sinatra Walkway	3,000,000	7/1/2010	6/5/2013	2.00%	3,000,000	3,000,000	3,000,000
						\$ 31,338,290	42,894,270	31,338,290
						Cash	\$ 12,000,000	
						Renewed Budget Appropriation	30,894,270	30,894,270
							444,020	
						\$ 42,894,270	31,338,290	42,894,270

**CITY OF HOBOKEN, N.J.**

**Schedule of Green Acres Loans Payable**

**General Capital Fund**

**Year Ended December 31, 2012**

Balance, December 31, 2011	\$ 1,343,084
Decreased by:	
Payments	<u>169,418</u>
Balance, December 31, 2012	<u>1,173,666</u>

CITY OF HOBOKEN, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2011		Authorizations	Paid or Charged	Canceled	Balance Dec. 31, 2012	
				Funded	Unfunded				Funded	Unfunded
	General Improvements:									
R-302	Improvements - City Hall	04/01/98	156,000	59,059			36,890		22,169	
DR621/388	Various Road Improvements	06/16/06	2,000,000		54,031	(48,987)				103,018
DR426	Reconstruction of Pier C	09/19/07	20,000,000		675,582	675,582				
	Construction of Waterfront Walkway	03/04/09	11,621,723	98,412					98,412	
Z-18	Improvements to 1600 Park and Hoboken Cove	07/01/10	4,127,000		1,487,675	600,825				886,850
Z-23	Acquisition of Fire Apparatus	09/03/10	610,000		150,321					150,321
Z-30	Castle Point and Sinatra Park Waterfront Walkway	09/03/10	12,000,000		11,643,393	11,395,801				247,592
Z-33	Various Capital Improvements	09/03/10	425,000		128,020	4,105				123,915
Z-40	Acquisition of Public Works Garage	09/03/10	15,930,000		204,063	4,246				199,817
Z-77	Acquisition of Quaiar Station & SX3MCX									
	Conventional Master Repeaters	01/05/11	310,000	32,700					32,700	
Z-94	Acquisition of Various Parcels of Land	03/16/11	20,000,000	999,500	19,000,000	223,606			775,894	19,000,000
Z-95	Improvements to Various Parks	03/16/11	1,600,000		1,166,592	958,719				207,873
Z-149	Acquisition of Capital Equipment and the Completion of Various Capital Improvements	12/21/11	3,033,450	151,673	2,881,777	1,644,986			1,926,000	1,388,464
Z-218	Affordable Housing Projects	10/17/12	1,930,000			24,000				
			\$ 1,341,344	37,391,454	1,950,000	15,519,773			2,855,175	22,307,850

Various Reserves

1,950,000

1,950,000

Cash

2,881,933

Encumbrances

12,637,840

15,519,773

**CITY OF HOBOKEN, N.J.**  
**Schedule of Reserve for Encumbrances**  
**General Capital Fund**  
**Year Ended December 31, 2012**

Balance, December 31, 2011		\$ 3,273,832
Increased by:		
Improvement Authorizations		<u>12,637,840</u>
		15,911,672
Decreased by:		
Payments	\$ 3,273,832	
Interfunds		
		<u>3,273,832</u>
Balance, December 31, 2012		<u><u>\$ 12,637,840</u></u>

**CITY OF HOBOKEN, N.J.**

**Schedule of Capital Improvement Fund**

**General Capital Fund**

**Year Ended December 31, 2012**

Balance, December 31, 2011	\$ <u>913,577</u>
Balance, December 31, 2012	\$ <u><u>913,577</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Reserves

General Capital Fund

Year Ended December 31, 2012

	Balance Dec. 31, <u>2011</u>	<u>Decreases</u>	Balance Dec. 31, <u>2012</u>
Reserve for:			
Hazmat Fund	\$ 17,630		17,630
Green Acres - 1600 Adams Street	200,000		200,000
Grants Receivable - Reconst. of Pier C	2,609,521		2,609,521
Green Acres - 1600 Park Avenue	341,000		341,000
Tarragon Settlement of Pier C	<u>2,000,000</u>	<u>2,000,000</u>	<u>                    </u>
	<u>\$ 5,168,151</u>	<u>2,000,000</u>	<u>3,168,151</u>
		Cash Disbursements 50,000	
		Improvement Authorizations <u>1,950,000</u>	
		<u>\$ 2,000,000</u>	

## CITY OF HOBOKEN, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## General Capital Fund

Year Ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
<u>General Improvements:</u>				
	Creation of North Park	267,836		267,836
	Bond Ordinance for Tax Overpayment Refunds	371,667		371,667
DR621/388	Various Road Improvements	1,050,000		1,050,000
DR326	Reconstruction of Pier C	2,609,521		2,609,521
Z-18	Improvements to 1600 Park Ave & Hoboken Cove	2,627,000		2,627,000
Z-23	Acquisition of Fire Apparatus	579,500		579,500
Z-30	Castle Point and Sinatra Park Waterfront Walkway	9,000,000	9,000,000	
Z-94	Acquisition of Various Parcels of Land	19,000,000		19,000,000
Z-95	Improvements to Various Parks	1,520,000	1,520,000	
Z-149	Acquisition of Capital Equipment and the Completion of Various Capital Improvements	2,881,777	1,480,000	1,401,777
		<u>\$ 39,907,301</u>	<u>12,000,000</u>	<u>27,907,301</u>

**CITY OF HOBOKEN, N.J.**

**Schedule of Cash - Treasurer**

**Parking Utility Fund**

**Year Ended December 31, 2012**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2011	\$ 5,497,287	1,059,653
Increased by Receipts:		
Budget Revenues	14,310,890	
Interfunds	<u>1,974,000</u>	<u>1,600,200</u>
Total Receipts	16,284,890	1,600,200
Decreased by Disbursements:		
2012 Appropriations	11,403,591	
2011 Appropriation Reserves	464,270	
Interfunds	6,048,588	1,974,000
Improvement Authorizations		168,853
Interest on Bonds and Notes	<u>907,179</u>	
Total Disbursements	<u>18,823,628</u>	<u>2,142,853</u>
Balance, December 31, 2012	<u>\$ 2,958,549</u>	<u>\$ 517,000</u>

CITY OF HOBOKEN, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Parking Utility Operating Fund

Year Ended December 31, 2012

	Balance December 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2012</u>
Parking Utility Capital Fund	\$ <u>1,974,000</u>	<u>200</u>	<u>1,974,000</u>	<u>200</u>
	\$ <u><u>1,974,000</u></u>	<u><u>200</u></u>	<u><u>1,974,000</u></u>	<u><u>200</u></u>
			Cash Receipts \$ 1,974,000	
		Interest Earnings <u>200</u>		
		\$ <u><u>200</u></u>	<u><u>1,974,000</u></u>	

CITY OF HOBOKEN, N.J.

Schedule of 2011 Appropriation Reserves

Parking Utility Operating Fund

Year Ended December 31, 2012

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Cancelled
Operating:				
Salaries and Wages	\$ 80,365	80,365	3,798	76,567
Other Expenses	230,602	482,315	460,472	21,843
Total Operating	<u>310,967</u>	<u>562,680</u>	<u>464,270</u>	<u>98,410</u>
Capital Improvements				
Capital Outlay	6,844	6,844		6,844
Total Capital Improvements	<u>6,844</u>	<u>6,844</u>		<u>6,844</u>
	<u>\$ 317,811</u>	<u>569,524</u>	<u>464,270</u>	<u>105,254</u>
Appropriation Reserves		\$ 317,811		
Encumbrances		<u>251,713</u>		
		<u>\$ 569,524</u>		

**Exhibit D-7**

**CITY OF HOBOKEN, N.J.**  
**Schedule of Security Deposits**  
**Parking Utility Operating Fund**  
**Year Ended December 31, 2012**

Balance, December 31, 2011	\$ <u>233,776</u>
Balance, December 31, 2012	\$ <u><u>233,776</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Accrued Interest Payable

Parking Utility Operating Fund

Year Ended December 31, 2012

Balance, December 31, 2011		\$	499,740
Increased By:			
Interest on Bonds	\$	854,143	
Interest on Notes		<u>54,515</u>	
			<u>908,658</u>
			1,408,398
Decreased By:			
Interest Paid on Bonds		810,499	
Interest Paid on Notes		96,680	
Interfund		<u>92,250</u>	
			<u>999,429</u>
Balance, December 31, 2012		\$	<u><u>408,969</u></u>

Analysis of Accrued Interest Payable at December 31 2012:

	<u>Outstanding</u>	<u>Interest</u>	<u>Terms</u>	<u>Accrued</u>
	<u>Principal</u>	<u>Rate</u>		<u>Interest</u>
Bond Anticipation Notes	\$ 3,800,000	1.43%	08/17/12 - 12/31/12	
Bond Anticipation Notes	\$ 2,000,000	2.00%	06/16/12 - 12/31/12	
Bonds	\$ 18,730,000	Various	07/01/12 - 12/31/12	<u>408,969</u>
				\$ <u><u>408,969</u></u>

**CITY OF HOBOKEN, N.J.**

**Schedule of Reserve for Encumbrances**

**Parking Utility Operating Fund**

**Year Ended December 31, 2012**

Balance, December 31, 2011	\$	251,713
Increased By:		
Current Year Encumbrances		<u>150,552</u>
		402,265
Decreased By:		
Transfer to Appropriation Reserves		<u>251,713</u>
Balance, December 31, 2012	\$	<u><u>150,552</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Interfund Accounts Payable - Current Fund

Parking Utility Operating Fund

Year Ended December 31, 2012

Balance, December 31, 2011		\$	1,654,119
Increased By:			
Expenditures paid in Current Fund	\$	1,302,219	
Bond Defeasance		<u>3,092,250</u>	
			<u>4,394,469</u>
			6,048,588
Decreased By:			
Cash Disbursements	\$	<u><u>6,048,588</u></u>	

**Exhibit D-11**

**CITY OF HOBOKEN, N.J.**

**Schedule of Fixed Capital**

**Parking Utility Capital Fund**

**Year Ended December 31, 2012**

Balance, December 31, 2011	\$ <u>45,157,185</u>
Balance, December 31, 2012	\$ <u><u>45,157,185</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Parking Utility Capital Fund

Year Ended December 31, 2012

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Ordinance</u>		<u>Balance,</u>
		<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2011</u>
Z-99	Various Parking Utility Improvements	4/20/11	1,600,000	\$ 1,600,000
				\$ 1,600,000

**CITY OF HOBOKEN, N.J.**

**Schedule of Due From/(To) General Capital Fund**

**Parking Utility Capital Fund**

**Year Ended December 31, 2012**

Decreased By:	
Cash Receipts	\$ <u>1,600,000</u>
Balance, December 31, 2012	\$ <u><u>(1,600,000)</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Parking Utility Capital Fund

Year Ended December 31, 2012

	Balance, December 31, <u>2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2011</u>
Parking Utility Operating Fund	\$ <u>(1,974,000)</u>	<u>200</u>	<u>1,974,000</u>	<u>(200)</u>
	\$ <u><u>(1,974,000)</u></u>	<u><u>200</u></u>	<u><u>1,974,000</u></u>	<u><u>(200)</u></u>
Cash Disbursements			1,974,000	
Interest Earnings		<u>200</u>		
		\$ <u><u>200</u></u>	<u><u>1,974,000</u></u>	

CITY OF HOBOKEN, N.J.

Schedule of Bond Anticipation Notes Payable

Parking Utility Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2011	Increased	Decreased	Balance December 31, 2012
DR69/94	Parking Utility Notes Series 2008C	12/01/05	8/7/12	8/7/13	1.43%	\$ 4,000,000	3,800,000	4,000,000	3,800,000
DR399	Parking Utility Notes Series 2010	07/01/10	6/5/12	6/5/13	2.00%	2,000,000	2,000,000	2,000,000	2,000,000
						\$ 6,000,000	5,800,000	6,000,000	5,800,000
						Notes Issued \$	5,800,000	5,800,000	
						Budget Appropriation	200,000	200,000	
							\$ 5,800,000	6,000,000	6,000,000

CITY OF HOBOKEN, N.J.

Schedule of Parking Utility Serial Bonds

Parking Utility Capital Fund

Year Ended December 31, 2012

Purpose	Date of issue	Original issue	Maturities of bonds outstanding, December 31, 2012		Interest rate	Balance, December 31, 2011	Balance, December 31, 2012	
			Date	Amount				
Parking Utility General Obligation Bonds - Series 2002	January 1, 2003	26,530,000	January 1, 2013	1,250,000	5.060%	\$ 18,730,000	17,545,000	
			January 1, 2014	1,270,000	4.000%			
			January 1, 2015	1,320,000	5.250%			
			January 1, 2016	1,390,000	5.250%			
			January 1, 2017	1,460,000	5.250%			
			January 1, 2018	1,540,000	5.250%			
			January 1, 2019	1,690,000	4.75-5.00%			
			January 1, 2020	1,770,000	4.75-5.00%			
			January 1, 2021	1,860,000	4.75-5.00%			
			January 1, 2022	1,950,000	4.75-5.00%			
			January 1, 2023	2,045,000	4.75-5.00%			
							<u>\$ 18,730,000</u>	<u>17,545,000</u>
							<u>1,185,000</u>	<u>1,185,000</u>

**CITY OF HOBOKEN, N.J.**  
**Schedule of Improvement Authorizations**  
**Parking Utility Capital Fund**  
**Year Ended December 31, 2012**

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Ordinance</u>		<u>Balance, December 31, 2011</u>		<u>2012 Authorizations</u>		<u>Balance, December 31, 2012</u>	
		<u>Date</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>	<u>Expended</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Unfunded</u>
Unknown	Improvements to Parking Garage	12/19/07	2,200,000 \$		226,000	1,726	224,274		224,274
Z-99	Various Parking Utility Improvements	4/20/11	1,600,000		659,653	167,127	492,526		492,526
					<u>885,653</u>	<u>168,853</u>	<u>716,800</u>		<u>716,800</u>

**CITY OF HOBOKEN, N.J.**

**Schedule of Reserve for Amortization**

**Parking Utility Capital Fund**

**Year Ended December 31, 2012**

Balance, December 31, 2011		\$ 20,227,185
Increased by:		
Payment of Serial Bond Principal	\$ 1,185,000	
Payment of Bond Anticipation Note Principal	<u>200,000</u>	
		<u>1,385,000</u>
Balance, December 31, 2012		<u><u>\$ 21,612,185</u></u>

**CITY OF HOBOKEN, N.J.**

**Schedule of Reserve for Payment of Debt Service**

**Parking Utility Operating Fund**

**Six Months Ended December 31, 2012**

Balance, December 31, 2011	\$ <u>3,000,000</u>
Decreased By:	
Interfund	\$ <u><u>3,000,000</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Parking Utility Capital Fund

Year Ended December 31, 2012

Ordinance number	Improvement description	Ordinance		Balance	
		Date	Amount	December 31, 2011	2012 Authorizations
???	Improvements to Parking Garage	12/19/07	2,200,000	200,000	200,000
Z-99	Various Parking Utility Improvements	4/20/11	1,600,000	1,600,000	1,600,000
				\$ 1,800,000	1,800,000

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**CITY OF HOBOKEN**

**LETTERS ON COMPLIANCE AND ON INTERNAL CONTROL**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the City of Hoboken in the County of Hudson as of and for the year ended December 31, 2012 and the related notes to the financial statements, and have issued our report thereon dated September 18, 2013, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for fixed assets not being audited.

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

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

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



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

We did identify a certain immaterial deficiency in internal control, described in the accompanying schedule of findings and questioned costs, Finding 2012-1, that we consider to be a significant deficiency.

### **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*.

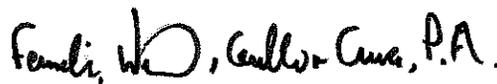
However, we noted certain immaterial instances of noncompliance that we have reported to the management of the City of Hoboken in the accompanying comments and recommendations section of this report.

### **Purpose of this Report**

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



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



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

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

### **Report on Compliance for Each Major Federal and State Program**

We have audited the City of Hoboken in the County of Hudson compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012. 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.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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



State Aid Payments." Those standards and OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination on the City of Hoboken's compliance.

### **Opinion on Each Major Federal and State Program**

In our opinion, the City of Hoboken complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.

### **Report on Internal Control Over Compliance**

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

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

Honorable Mayor and  
Members of the City Council  
Page 3.

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

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



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



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

September 18, 2013

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CITY OF HOBOKEN, N.J.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2012

Program	CFDA number	Grant period	Award Amount	Balance at Dec. 31, 2011	Cash Received	Expenditures	Cancellations	Adjustments	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2012	MEMO Cumulative Total Expenditures
<u>Federal Grantor Pass Through Grantor Program Title:</u>										
<u>Passed Through Hudson County Dept. of Finance and Admin:</u>										
Community Development Block Grant - 2000	14.218	2000	90,000			850		30,879	30,029	389,961
Community Development Block Grant - 2001	14.218	2001	60,000							
Community Development Block Grant - 2005	14.218	2005	90,000	30,773				(31,575)	(802)	70,000
Community Development Block Grant - 2006	14.218	2006	489,400	(8,819)				13,482	4,663	484,737
Community Development Block Grant - 2007	14.218	2007	150,000	209,210				(185,568)	23,642	126,358
Community Development Block Grant - 2008	14.218	2008	200,000					49,118	49,118	150,882
Community Development Block Grant - 2009	14.218	2009	250,000		163,163	11,325		(151,118)	720	249,280
Community Development Block Grant - 2010	14.218	2010	225,000	(456,631)	175,540	162,415	456,631		13,125	162,415
Community Development Block Grant - 2010 Admin. Costs	14.218	2010	50,000					50,000	50,000	
Community Development Block Grant - 2011	14.218	2011	457,000	279,099	443,851	347,443	(279,099)	(59,557)	36,851	407,000
Community Development Block Grant - 2012	14.218	2012	425,000		52,101	72,168			(20,067)	72,168
<b>Total Pass-Through Programs</b>			<b>2,486,400</b>	<b>53,632</b>	<b>834,655</b>	<b>594,201</b>	<b>177,532</b>	<b>(284,339)</b>	<b>187,279</b>	<b>2,112,801</b>
<b>Total U.S. Dept. of Housing and Urban Development</b>			<b>2,486,400</b>	<b>53,632</b>	<b>834,655</b>	<b>594,201</b>	<b>177,532</b>	<b>(284,339)</b>	<b>187,279</b>	<b>2,112,801</b>
<u>U.S. Department of Justice:</u>										
Public Safety Partnership and Community Policing Grants										
Bulletproof Vest Partnership	16.710	2010	5,132					5,132	5,132	
ARRA -Hudson County Justice Assistance Grant	16.738	2009	20,015	(20,015)				20,015		20,015
ARRA -Hudson County Justice Assistance Grant	16.738	2010	82,531	(82,531)				82,531		82,531
National Police Athletic League - 2011-12 Mentoring Program	16.541	2011	30,000	(13,042)		3,450			(16,492)	16,492
Save the Youth Grant	16.540	2007	1,760			(1,760)			1,760	
Save the Youth Grant	16.540	2011						17,881	17,881	
Save the Youth Grant	16.540	2009	223,587	16		(70)		17,881	86	223,501
<b>Total U.S. Department of Justice</b>			<b>363,025</b>	<b>(115,572)</b>		<b>1,620</b>		<b>125,559</b>	<b>8,367</b>	<b>342,539</b>

CITY OF HOBOKEN, N.J.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2012

Program	CFDA number	Grant period	Award Amount	Balance at Dec. 31, 2011	Cash Received	Expenditures	Cancellations	Adjustments	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2012	MEMO Cumulative Total Expenditures
<b>Department of Agriculture:</b>										
Passed Through the NJ Department of Agriculture										
Summer Food Service	10.559	Prior Year	20,000	1,950				(1,950)	*	20,000
Summer Food Service	10.559	2007	15,823	4,822					4,822	11,001
Summer Food Service	10.559	2009	35,661	(2,866)				2,866	*	30,303
Summer Food Service	10.559	2010	31,374	183					183	31,023
Summer Food Service	10.559	2010	25,728	25,728					25,728	*
Summer Food Service	10.559	2011	34,115	4,304	151	1,631			2,824	31,291
Summer Food Service	10.559	2012	32,653		32,653	31,692			961	31,692
Summer Food Service	10.559	2012	5,943		5,943			916	5,943	*
			201,297	34,121	38,747	33,323			40,461	155,310
<b>Department of Transportation</b>										
Passed Through the NJ Department of Transportation										
1600 Park Avenue Development	20.205	2008	300,000					300,000	300,000	*
Various Street Improvements	20.205	2009	12,536	12,536					12,536	387,838
2008 Roadway Improvements Project	20.205	2008	400,000	(4,084)					(4,084)	336,795
2009 Roadway Improvements Project	20.205	2009	410,732	145,512					145,512	*
2009 Safe Streets to Transit	20.205	2010	80,000	(74,960)					(74,960)	74,960
2010 Various Street Improvements	20.205	2010	460,531	(297,068)					(297,068)	456,851
2010 Safe Streets to Transit	20.205	2010	80,000	55,965	24,035				80,000	*
2010 Hudson Place Funding	20.205	2010	80,000	(48,447)	80,000				31,553	48,447
2011 Aid for Various Streets	20.205	2011	400,125	239,509		353,021			(113,512)	400,125
2012 Aid for Various Roads	20.205	2012	396,000		104,035	396,000			(396,000)	396,000
			2,619,924	28,963	104,035	353,021		300,000	79,977	1,705,016
<b>Department of Transportation</b>										
Passed Through the NJ Division of Law & Public Safety										
State and Community Highway Safety (Walk Safe Pedestrian)	20.600	2007	20,000	941					941	19,059
State and Community Highway Safety (Walk Safe Pedestrian)	20.600	2008	18,000	800					800	14,400
State and Community Highway Safety (Walk Safe Pedestrian)	20.600	2009	90,905	90,105					90,105	*
State and Community Highway Safety (Walk Safe Pedestrian)	20.600	2010	8,000					8,000	8,000	*
State and Community Highway Safety (Walk Safe Pedestrian)	20.600	2011	16,000	(2,000)	16,000	14,000				16,000
State and Community Highway Safety (Walk Safe Pedestrian)	20.600	2012	15,000							*
Drive Sober or Get Pulled Over	20.601	2012	5,000		5,000	5,000				5,000
Drive Sober or Get Pulled Over	20.601	2012	4,400		4,050	4,050				4,050
			177,305	89,846	25,050	23,050		8,000	99,846	58,509

CITY OF HOBOKEN, N.J.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2012

Program	CFDA number	Grant period	Award Amount	Balance at Dec. 31, 2011	Cash Received	Expenditures	Cancellations	Adjustments	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2012	MEMO Cumulative Total Expenditures
Department of Transportation Passed Through the National Highway Traffic Safety Over the Limit Under Arrest	20.601	2008	5,000	(400)					(400)	4,800
Over the Limit Under Arrest	20.601	2009	4,700	300					300	4,400
			9,700	(100)					(100)	9,200
Department of Homeland Security	97.044	2010	453,441	(42,491)					(42,491)	453,441
FEMA - Staffing for Adequate Fire and Emergency Response	97.044	2011	427,962	(427,962)	427,962	(23,242)			23,242	404,720
FEMA - Fire Apparatus	97.044	2011	118,827	118,827		53,353			65,474	53,353
FEMA - Fire Equipment	97.044	2012	364,464			364,464			(364,464)	364,464
FEMA - Fire Boat	97.044	2012	1,118,600							
FEMA - Safer Grant	97.044	2010	16,394		16,394				16,394	
FEMA - Firefighters Assistance Grant	97.044	2012	272,697		272,697	272,639			58	272,639
Firefighters Assistance Grant	97.044	2012	14,708			11,328			(11,328)	11,328
Firefighters Assistance Grant	97.044	2012	16,394			12,124			(12,124)	12,124
Firefighters Assistance Grant	97.044	2012	24,824							
Port Security Grant	97.056	2012	297,000							
Port Authority Security Grant	97.056	2012	230,196		230,196	230,196				230,196
FEMA - Hurricane Irene	97.036	2012	3,355,507	(351,626)	427,962	394,575			(318,239)	1,275,978
Total Federal and State Grant Fund Expenditures			9,213,158	(260,736)	1,430,449	1,399,790	177,532	150,136	97,591	5,659,353
General Capital Fund:										
Economic Development Agency		2010	877,000							877,000
Hoboken Cove			877,000							877,000
Dept. of Highway Facilities:										
Maxwell Place Walkway	20.205	2008	9,109,567	(644,074)					(644,074)	9,109,567
			9,109,567	(644,074)					(644,074)	9,109,567
Total General Capital Fund Expenditures			9,986,567	(644,074)					(644,074)	9,986,567
Total Federal Awards			\$ 19,199,725	\$ (904,810)	1,430,449	1,399,790	177,532	150,136	(546,483)	15,645,920

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

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CITY OF HOBOKEN, N.J.

Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2012

	Grant number	Grant period	Award Amount	Balance at Dec. 31, 2011	Cash Received	Budgetary Expenditures	Cancellations	Adjustments	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2012	MEMO Cumulative Total Expenditures
Federal and State Grant Fund:										
Department of Community Affairs										
Domestic Violence	N/A	2008	1,250	1,250					1,250 *	
State Cooperative Housing Inspections	N/A	2009	64,000	(2,990)			2,990			64,000
State Cooperative Housing Inspections	N/A	2011	100,000	(25,003)					(25,003) *	100,000
State Cooperative Housing Inspections	N/A	2012	100,000	(54,716)					(54,716) *	100,000
State Cooperative Housing Inspections	N/A	2009	19,570	19,570					19,570 *	
Multi Service Center Replacement	N/A	2009	200,000	(44,543)		(15,624)	(171,081)		(200,000) *	139,833
Child Care Services	N/A	2009	100,000	(5,307)		94,693	100,000			100,000
Family Planning Services	N/A	2009	20,000	(10,415)		9,585	20,000			20,000
Hoboken 911 Memorial on Pier	N/A	2010	250,000	(61,126)		2,145			(63,271) *	63,271
Housing Inspection Program	N/A	2012	70,000	70,000		70,000				70,000
Total Dept. Of Community Affairs			97,387	(202,850)	89,570	160,799	(51,081)	2,990	(322,170) *	657,104
Dept. of Environmental Protection										
Clean Communities Program	N/A	2008	97,387	97,388				(1)	97,387 *	
Clean Communities Program	N/A	2009	43,810	11,259		(216)			11,475 *	32,335
Clean Communities Program	N/A	2010	58,198	6,090				(6,090)		52,108
Clean Communities Program	N/A	2010	43,548	9,309		6,705		4,692	2,604 *	29,940
Clean Communities Program	N/A	2010	56,800			3,056			1,636 *	55,164
Clean Communities Program	N/A	2010	12,084							
Clean Communities Program	N/A	2011	70,961	33,061	69,909	27,689			5,372 *	65,589
Clean Communities Program	N/A	2012	69,909					67,708	69,909 *	117,320
Recycling Tonnage Grant	N/A	2008	117,320	(67,708)						2,485
Recycling Tonnage Grant	N/A	2010	2,485	(30,422)		1,153		30,422		1,153
Recycling Tonnage Grant	N/A	2011	25,021	25,021					23,868 *	
Recycling Tonnage Grant	N/A	2011	23,922	23,922					23,922 *	
Recycling Tonnage Grant	N/A	2012	37,033		37,033				37,033 *	
Forestry Grant	N/A	2012	6,500		6,500				6,500 *	
Green Acres			900,000			900,000			(900,000) *	900,000
DEP Waterfront Reconstruction		2010		107,920	113,442	938,387		96,731	(620,294) *	1,256,094
Total Dept. of Environmental Protection			900,000	107,920	113,442	938,387		96,731	(620,294) *	1,256,094
Dept of Health & Senior Services Direct										
Public Healthcare Mgmt. Caregivers	N/A	2008	118,921	38,424					38,424 *	80,497
Public Healthcare Mgmt. Caregivers	N/A	2008	5,291					5,291		58,796
Public Health Priority Funding	N/A	2010	9,703	17,409				5,291		318
Senior Emergency Funds	N/A	2008	5,529	(2,583)					(2,583) *	5,529
Senior Emergency Funds	N/A	2009	3,059	3,059					3,059 *	
Hepatitis B Inoculation Fund	N/A	2010	4,705						4,705 *	
H1N1 Grant	N/A	2010	104,454	(1,002)					(1,002) *	48,702
Total Dept. of Health & Senior Services-Direct	10-480-BT-L-1		104,454	60,012				5,291	65,303 *	193,842

CITY OF HOBOKEN, N.J.

Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2012

Grant number	Grant period	Award Amount	Balance at Dec. 31, 2011	Cash Received	Budgetary Expenditures	Cancellations	Adjustments	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2012	MEMO Cumulative Total Expenditures
<b>Dept. of Law and Public Safety</b>									
00-BA-0905	2009	15,374	5,061					5,061	10,313
00-BA-0905	2010	14,377	10,313	2,566			(245)	12,634	4,064
00-BA-0905	2011	11,833	11,833		10,344			1,489	20,447
00-BA-0905	2012	Prior Year		12,146			12,642	12,642	
		12,146						12,146	
00-BA-0905	2009	4,000							
2010		12,377	5,942					5,942	6,435
2011		1,510	1,510					1,510	
			34,659	14,712	10,344		12,397	51,424	41,259
<b>Total Dept. of Law and Public Safety</b>									
<b>Dept. of Justice</b>									
N/A	2007								
N/A	2008	1,253	53					53	1,200
N/A	2009	1,253	955					955	298
N/A	2012	1,295		1,295				1,295	
16.738	2011	18,585		18,585	18,546			39	18,546
16.738	2012	14,579	1,008	19,880	18,546			2,342	20,044
<b>Total Dept. of Justice</b>									
<b>Department of Treasury</b>									
<b>State Contingency Fund</b>									
	2008	6,500	(6,500)					(6,500)	6,500
	2010	95,852	95,852				(95,852)		
		42,492	42,492				4,946	47,438	
			131,844				(90,906)	40,938	6,500
<b>Total State Contingency Fund</b>									
<b>Other State Agencies:</b>									
<b>Smart Growth Planning</b>									
	2008								
	2012	100		100				100	
	2012	5,880	4,410		5,880			(1,470)	5,880
	2012	18,750	15,000		16,355			(1,355)	16,355
	2012	5,000	5,000		3,966			1,034	3,966
	2012	20,000		10,000				10,000	
	2009	41,692	(41,692)					(41,692)	41,692
	2010	10,299	(29,013)					(29,013)	9,925
	2011	7,504	(1,294)	1,501				207	7,297
			(71,999)	36,011	26,201			(62,189)	85,115
<b>Total State Assistance</b>									
			60,594	273,615	1,154,277	(51,081)	26,503	(844,646)	2,259,958





**CITY OF HOBOKEN  
NOTES TO THE SCHEDULES OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**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	\$805,589	\$1,154,277	\$3,094,284	\$5,054,150
Community Development Block Grant Trust Fund	<u>594,201</u>	<u>          </u>	<u>          </u>	<u>594,201</u>
	<u>\$1,399,790</u>	<u>\$1,154,277</u>	<u>\$3,094,284</u>	<u>\$5,648,351</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 DECEMBER 31, 2012  
(CONTINUED)**

**NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING**

The City's federal and state loans outstanding at December 31, 2012, which are not required to be reported on the schedule of expenditures of federal and state awards, are as follows:

<u>Loan Program</u>	<u>Total</u>
State of New Jersey Green Acres Trust Loan	<u>\$1,173,665</u>

**CITY OF HOBOKEN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: adverse - USGAAP  
qualified - OCBOA

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

**Federal 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?   yes  X  none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?   yes  X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
<u>97.044</u>	<u>FEMA Grant - Fire Apparatus/Fire Assistance</u>
<u>20.205</u>	<u>Department of Transportation</u>
<u>97.056</u>	<u>Homeland Security - Fire Boat</u>

**CITY OF HOBOKEN  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012  
 (continued)**

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

**State Awards Section**

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

\$ 300,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ 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?

\_\_\_\_\_ yes

X  none reported

2. Material weakness(es) identified?

\_\_\_\_\_ yes

X  no

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

\_\_\_\_\_ yes

X  no

Identification of major programs:

**GMIS Number(s)**

505 042 4800 002 720020

**Name of State Program**

Green Acres - Waterfront Reconstruction

**CITY OF HOBOKEN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of General Auditing Standards.

**Finding 2012-1:**

The City has neglected to maintain an accurate Fixed Asset Report.

**Criteria or specific requirement:**

Technical Accounting Directive 86-2, codified as New Jersey Administrative Code 5:30-5.6 requires all municipalities to maintain a record of all fixed assets purchased and put into service. The Directive also requires the records to be updated annually for any changes.

**Effect:**

The City is not in compliance with Technical Accounting Directive 86-2, New Jersey Administrative Code 5:30-5.6 since June 30, 2004.

**Cause:**

The City has not updated the June 30, 2004 physical examination and report completed by and outside appraisal company.

**Recommendation:**

A physical examination and record be completed and maintained on an annual basis.

**Management Response:**

Management is looking into hiring an outside appraisal company to complete a physical examination and report for the City.

**CITY OF HOBOKEN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(continued)**

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

NONE

**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 2011-1:**

The City has neglected to maintain an accurate Fixed Asset Report.

**Criteria or specific requirement:**

Technical Accounting Directive 86-2, codified as New Jersey Administrative Code 5:30-5.6 requires all municipalities to maintain a record of all fixed assets purchased and put into service. The Directive also requires the records to be updated annually for any changes.

**Recommendation:**

A physical examination and record be completed and maintained on an annual basis.

**Status**

Unchanged.

**CITY OF HOBOKEN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(continued)**

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*  
*(continued)*

**Finding 2011-2:**

The City has not implemented the requirements of Governmental Accounting Standards Board, Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB).

**Criteria or specific requirement:**

Governmental Accounting Standards Board, Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions requires local municipalities to provide information on their OPEB practices and cost as part of their Notes to the Financial Statements.

**Recommendation:**

An actuarial study should be performed to project the long-term program participation and health care costs for the City.

**Status**

Corrective action has been taken.

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## 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, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500 or \$36,000 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:

Castle Point & Sinatra Park Waterfront  
Walkway Reconstruction  
Wheel Loader  
Rehabilitation of the Police Dept. HVAC  
church Square Park Improvements  
1600 Park & Hoboken Cove Phase I

Operation and Management Services  
for Parking Garages  
Street Sweeper  
Summer Food Service  
Renovations to the Police Department

## 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 11, 2012 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 held on April 20, 2012.

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 the last three periods:

	<u>Number of Liens</u>
Year Ended December 31, 2012	54
Year Ended December 31, 2011	60
Six Month Period Ended December 31, 2010	50

**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.

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

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**CITY OF HOBOKEN**

**OTHER COMMENTS**

**DECEMBER 31, 2012**

**Finance/Treasurer**

1. \*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. An appraisal of the City's assets has not been updated since 2004.
2. \*Petty cash disbursed to various departments does not agree to State approved application in accordance with N.J.S.A. 40A:5-21.
3. There were budget overexpenditures of \$1,009 in the Current Fund and \$18,260 in the State and Federal Grant Fund which are required to be reported by the Division of Local Government Services, requirements of Audit Overexpenditures.
4. The City has deferred charges to future taxation, unfunded balances over five years old, where the projects have been completed and payments made from unfinanced cash.
5. Bank reconciliations for the following accounts contain several unidentified adjustments:
  - Other Trust Fund
  - Payroll Agency Account
6. \*Not all financial transactions are being recorded in the general ledgers in a timely manner as required by Technical Accounting Directive #3 for the following funds:
  - Other Trust Fund
  - Payroll Agency Account
7. The following accounts are carrying outstanding checks over one year old as reconciling items (N.J.S.A. 40A:5-5):
  - Escrow Trust Fund
  - Payroll Agency Account
  - Net Payroll Account
8. Instances where invoices were not being processed and paid within ninety days.
9. Instance where temporary appropriations adopted under N.J.S.A. 40A:4-19 and 40A:4-20, were in excess of the statutory limit.

## CITY OF HOBOKEN

### OTHER COMMENTS, (continued)

#### Purchasing

1. \*Not all bid documents were available for review as required by N.J.S.A. 40A:11.
2. \*Vendor documents were not always available to support expenditures as required by the Division of Local Government Services, Requirement of Audit for Expenditures and Disbursements.

#### Departments

1. Instance where the Fire Prevention Department did not bill business owners for Non Hazard Life Use fees for the 2012 calendar year in accordance with City of Hoboken Ordinance Number DR-27.
2. \*The following departments do not maintain a monthly cash book that summarizes collections by category:
  - a. Recreation Department
  - b. Taxi & Limo License Department
  - c. Building Department
  - d. Environmental Department
  - e. Department of the City Clerk
  - f. Fire Prevention Department
  - g. Police Department

#### Payroll/Personnel

1. \*Authorized deferred compensation applications and W-4 forms for selected individuals were unable to be located for review.
2. Instances where enrolled employees health benefit deductions were not calculated in accordance with Chapter 78, P.L. 2011.
3. There were instances of employees not enrolled in the pension systems.

**CITY OF HOBOKEN**  
**RECOMMENDATIONS**  
**DECEMBER 31, 2012**

**Finance/Treasurer**

1. \*That a fixed asset report be prepared to place a value on all assets put into service and that the report be updated annually.
2. \*That an updated application be submitted to the State to approve various appointments of petty cash.
3. That proper care is exercised over the budget and that the budget expenditures and appropriations be received timely to prevent future occurrences of overexpenditures.
4. That all ordinances with cash deficits over five years old should be funded through a valid financing source.
5. \*That all adjustments be identifies and recorded for reconciliations for all funds.
6. \*That all financial transactions be recorded in the General Ledger as required by Technical Accounting Directive #3.
7. That stale dated checks be reviewed and cancelled if appropriate.
8. That all invoices be processed and paid in a timely manner.
9. That temporary appropriations adopted under 40A:4-19 and 40A:4-20 be within statutory limits.

**Purchasing**

1. \*That all bid sought by public advertisement be maintained by the City and be made available for audit.
2. \*That all supporting documentation for all purchases be made available for audit review.

**CITY OF HOBOKEN**  
**RECOMMENDATIONS, (continued)**

**Departments**

1. That Non Hazard Life Use fees be retroactively charged to business owners for the 2012 fiscal year in accordance with the City of Hoboken Ordinance Number DR-27.
2. That all departments maintain a monthly cash ledger that summarizes collections by category.

**Payroll/Personnel**

1. \*That all approved deferred compensation applications and W-4's be maintained and available for review.
2. That all enrolled employees health benefit deductions be calculated in accordance with Chapter 78, P.L. 2011.
3. That all newly hired employees be entered into the State of New Jersey Public Employees' Retirement System and the Defined Contribution Retirement Plan by an authorized party in a timely manner.

**CITY OF HOBOKEN**

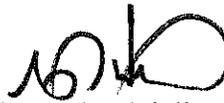
**STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS**

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

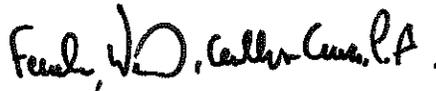
The problems and weaknesses noted in our audit were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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. Wielkottz  
Registered Municipal Accountant  
No. CR00413



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

September 18, 2013