

CITY OF HOBOKEN

**Financial Statements With
Supplementary Information**

December 31, 2010

(With Independent Auditors' Reports Thereon)

CITY OF HOBOKEN

TABLE OF CONTENTS

PART I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Regulatory Basis	4
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	6
A-2	Statement of Revenues - Regulatory Basis	7
A-3	Statement of Expenditures - Regulatory Basis	10
	<u>TRUST FUNDS</u>	
B	Comparative Balance Sheet - Regulatory Basis	21
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Regulatory Basis	23
C-1	Statement of Changes in Fund Balance - Regulatory Basis	24
	<u>PARKING UTILITY FUND</u>	
D	Comparative Balance Sheet - Regulatory Basis	25
D-1	Statement of Operations and Changes in Fund Balance - Regulatory Basis	27
D-2	Statement of Revenues - Regulatory Basis	28
D-3	Statement of Expenditures - Regulatory Basis	29
	<u>GENERAL FIXED ASSETS</u>	
E	Statement of General Fixed Assets - Regulatory Basis	30
	Notes to Financial Statements	31
	Supplementary Data and Schedules	57

CITY OF HOBOKEN

TABLE OF CONTENTS
(continued)

<u>Exhibit</u>		<u>Page</u>
	<u>SUPPLEMENTARY SCHEDULES</u>	
	<u>CURRENT FUND</u>	
A-4	Cash Receipts and Disbursements - Treasurer	60
A-5	Schedule of Cash - Change Fund	61
A-6	Schedule of Amount Due from/(to) State of New Jersey for Senior Citizens' and Veterans' Deductions - Ch. 129 P.L. 1976	62
A-7	Schedule of Amount Due from/(to) State of New Jersey for Qualified Bond Aid	62
A-8	Schedule of Mortgage Receivable	63
A-9	Schedule of Taxes Receivable and Analysis of Property Tax Levy	64
A-10	Schedule of Tax Title Liens	65
A-11	Schedule of Property Acquired for Taxes	65
A-12	Schedule of Water Liens Receivable	66
A-13	Schedule of Revenue Accounts Receivable	67
A-14	Schedule of Interfunds Due from/(to) Various Funds	69
A-15	Schedule of Deferred Charges	70
A-16	Schedule of June 30, 2010 Appropriation Reserves	71
A-17	Schedule of Promissory Note - H.C.I.A.	74
A-18	Schedule of County Taxes Payable	74
A-19	Schedule of Tax Overpayments	75
A-20	Schedule of Local District School Taxes Payable	76
A-21	Schedule of Various Reserves	77
A-22	Schedule of Grants Receivable	78
	<u>FEDERAL AND STATE GRANT FUND</u>	
A-23	Schedule of Unappropriated Reserves	81
A-24	Schedule of Interfunds Due from/(to) Various Funds	82
A-25	Schedule of Appropriated Reserves for Grants	83
	<u>TRUST FUNDS</u>	
B-1	Schedule of Cash - Treasurer	85
B-2	Schedule of Reserve for Expenditures - Animal License Fund	86
B-3	Schedule of Due to State of New Jersey - Animal License Fees	87
B-4	Schedule of Due to State of New Jersey	88
B-5	Schedule of Amount Due to(from) Current Fund	89
B-6	Schedule of Miscellaneous Reserves	90
B-7	Section 8 - Housing Assistance Program - Schedule of Reserves for Section 8 - Housing Assistance Program	91
B-8	Section 8 - Housing Assistance Program - Schedule of Due to Grantor	91
B-9	Section 8 - Housing Assistance Program - Schedule of Due to/(from) Community Development Block Grant Trust Fund	92

CITY OF HOBOKEN

TABLE OF CONTENTS
(continued)

<u>Exhibit</u>		<u>Page</u>
	<u>TRUST FUNDS (continued)</u>	
B-10	Community Development Block Grant Trust Fund - Schedule of Due from/(to) Section 8 - Housing Assistance Program	92
B-11	Community Development Block Grant Trust Fund - Schedule of Reserve for Community Development Block Grant	93
B-12	Community Development Block Grant Trust Fund - Schedule of Community Development Block Grant Receivable	93
	<u>GENERAL CAPITAL FUND</u>	
C-2	Schedule of Cash	94
C-3	Analysis of Cash	95
C-4	Schedule of Grants Receivable	96
C-5	Schedule of Deferred Charges to Future Taxation - Funded	97
C-6	Schedule of Deferred Charges to Future Taxation - Unfunded	98
C-7	Schedule of Interfund Due from/(to) Various Funds	99
C-8	Schedule of General Serial Bonds Payable	100
C-9	Schedule of Bond Anticipation Notes Payable	101
C-10	Schedule of Green Acres Loans Payable	102
C-11	Schedule of Underground Storage Tank Loan Payable	103
C-12	Schedule of Improvement Authorizations	104
C-13	Schedule of Reserve for Encumbrances	105
C-14	Schedule of Capital Improvement Fund	106
C-15	Schedule of Reserves	107
C-16	Schedule of Bonds and Notes Authorized But Not Issued	108
	<u>PARKING UTILITY FUND</u>	
D-4	Schedule of Cash - Treasurer	109
D-5	Schedule of Deferred Charges	110
D-6	Schedule of Interfunds Due from/(to) Various Funds	111
D-7	Schedule of June 30, 2010 Appropriation Reserves	112
D-8	Schedule of Security Deposits	113
D-9	Schedule of Accrued Interest Payable	114
D-10	Schedule of Reserve for Encumbrances	115
D-11	Schedule of Interfund Accounts Payable - Current Fund	116
D-12	Schedule of Fixed Capital	117
D-13	Schedule of Due From General Capital Fund	118
D-14	Schedule of Interfunds Due from/(to) Various Funds	119
D-15	Schedule of Bond Anticipation Notes Payable	120
D-16	Schedule of Parking Utility Serial Bonds	121
D-17	Schedule of Improvement Authorizations	122
D-18	Schedule of Reserve for Amortization	123
D-19	Schedule of Bonds and Notes Authorized But Not Issued	124

CITY OF HOBOKEN

TABLE OF CONTENTS
(continued)

PART II

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	125
Report on Compliance with Requirements Applicable to Each Major Federal and State Program and Internal Control with OMB Circular A-133 and N.J. OMB Circular 04-04 as amended	128
Schedule of Expenditures of Federal Awards	131
Schedule of Expenditures of State Financial Assistance	134
Notes to the Schedules of Expenditures of Federal and State Awards	137
Schedule of Findings and Questioned Costs	139
General Comments	142
Other Comments	145
Recommendations	147
Status of Prior Year Audit Findings/Recommendations	149

CITY OF HOBOKEN

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

SIX MONTHS ENDED DECEMBER 31, 2010

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying 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 and for the six month period ended December 31, 2010 and the year ended June 30, 2010, and the related statements of operations and changes in fund balance - regulatory basis for the periods then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the six months ended December 31, 2010. These financial statements are the responsibility of the City of Hoboken's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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



Honorable Mayor and
Members of the City Council
Page 2.

In our opinion, because of the City of Hoboken's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Hoboken, New Jersey as of as of December 31, 2010 and June 30, 2010 or the results of its operations for the periods then ended.

The financial statements referred to above include a Statement of General Fixed Assets as required by the Division of Local Government Services. However, as more fully described in Note 1 and Note 3 to the financial statements, this schedule has not been updated. Also, the City did not implement the requirements of Governmental Accounting Standards Board (GASB), Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. State of New Jersey Local Finance Notice 2007-15 also dictates that municipalities implement this GASB.

However, in our opinion, the financial statements referred to above, with the exception of the effect described in the paragraph above, present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the City of Hoboken, New Jersey at December 31, 2010 and June 30, 2010, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the periods then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the six month period ended December 31, 2010, on the basis of accounting described in Note 1.

As more fully discussed in Note 14 to the financial statements, certain errors, resulting in an understatement of fund balance as of June 30, 2010, were discovered by management of the City during the year. Accordingly, the June 30, 2010 financial statements have been restated and adjusted to reflect the correction of errors.

In accordance with Government Auditing Standards, we have also issued our report dated November 3, 2011 on our consideration of the City of Hoboken's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Honorable Mayor and
Members of the City Council
Page 3.

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



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



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

November 3, 2011

CITY OF HOBOKEN, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

With comparative figures for the Year Ending June 30, 2010

<u>Assets</u>		Six Month Period Ending <u>December 31, 2010</u>	Restated Fiscal Year Ending <u>June 30, 2010</u>
Current Fund:			
Current Assets:			
Cash - Operating Accounts	A-4	\$ 27,219,986	20,354,290
Cash - Change Fund	A-5	<u>1,700</u>	<u>1,050</u>
		<u>27,221,686</u>	<u>20,355,340</u>
Due from State of New Jersey:			
Per Ch. 129, P.L. 1976	A-6	27,152	45,402
Qualified Bond Aid	A-7	3,864,300	
Mortgage Receivable	A-8	<u>370,342</u>	<u>428,206</u>
		<u>4,261,794</u>	<u>473,608</u>
		<u>31,483,480</u>	<u>20,828,948</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-9	1,033,187	243,678
Tax Title Liens	A-10	299,164	296,562
Property Acquired for Taxes - Assessed Valuation	A-11	2,806,900	2,806,900
Water Liens	A-12	36,499	36,499
Revenue Accounts Receivable	A-13	382,204	395,833
Interfunds Receivable	A-14	<u>773,251</u>	<u>469,801</u>
		<u>5,331,205</u>	<u>4,249,273</u>
Deferred Charges	A-15	<u>6,812,570</u>	<u>8,096,962</u>
		<u>43,627,255</u>	<u>33,175,183</u>
Federal and State Grant Fund:			
Cash - Operating Accounts	A-4	1,602,488	1,725,265
Expenditures without Appropriation	A-15	161,474	135,154
Grants Receivable	A-22	<u>3,870,931</u>	<u>3,364,995</u>
		<u>5,634,893</u>	<u>5,225,414</u>
		<u>\$ 49,262,148</u>	<u>38,400,597</u>

CITY OF HOBOKEN, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

With comparative figures for the Year Ending June 30, 2010

		Six Month Period Ending <u>December 31, 2010</u>	Restated Fiscal Year Ending <u>June 30, 2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves:			
Encumbered	A-3/A-16 \$	1,286,059	2,034,170
Unencumbered	A-3/A-16	3,515,360	3,712,830
Promissory Note Payable - HClA	A-17	370,342	428,906
County Taxes Payable	A-18	735,483	
Tax Overpayment	A-19	168,164	323,322
Interfunds Payable	A-14	2,075,970	124,297
School Taxes Payable	A-20	20,881	9
Various Reserves	A-21	4,273,449	1,688,430
		<u>12,445,708</u>	<u>8,311,964</u>
Reserve for Receivables	Contra	5,331,205	4,249,273
Fund Balance	A-1	<u>25,850,342</u>	<u>20,613,946</u>
		<u>43,627,255</u>	<u>33,175,183</u>
Federal and State Grant Fund			
Unappropriated Reserve for Grants	A-23	402,302	381,497
Interfunds Payable	A-24	2,594	2,594
Reserve for Grant Encumbrances	A-25	5,229,997	4,841,323
		<u>5,634,893</u>	<u>5,225,414</u>
	\$	<u>49,262,148</u>	<u>38,400,597</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

Six Month Period Ended December 31, 2010

With comparative figures for the Year Ending June 30, 2010

	Six Month Period Ending <u>December 31, 2010</u>	Restated Fiscal Year Ending <u>June 30, 2010</u>
Revenues and Other Income:		
Fund Balance Utilized	1,900,000	500,000
Miscellaneous Revenue Anticipated	24,193,056	43,615,869
Receipts from Current Taxes	70,251,717	141,052,131
Non-Budget Revenue	904,067	937,974
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	2,239,880	3,099,811
Prior Year Interfunds Returned	484,552	32,773
Other Credits to Income		210,160
Void Checks		43,317
Mortgage Receivable		428,206
	<u>99,973,272</u>	<u>189,920,241</u>
Total Revenues and Other Income		
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	19,592,111	43,817,256
Other Expenses	22,590,693	37,299,804
Capital Improvement Fund	1,130,000	650,000
Municipal Debt Service	1,862,582	8,629,494
Statutory Expenditures and Deferred Charges	2,652,224	11,792,684
Judgements	100,000	
Local District School Tax	18,380,872	36,764,796
County Taxes	26,528,491	43,167,566
Revenue Refunds	1,620	328,312
Interfund Advances	333,283	467,207
	<u>93,171,876</u>	<u>182,917,119</u>
Total Expenditures		
Excess (Deficit) Revenue Over Expenditures	6,801,396	7,003,122
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which Are By Statute Deferred		
Charges to Budget of Succeeding Year:		
Emergency Appropriations	335,000	
	<u>335,000</u>	
Fund Balance - July 1, 2010	20,613,946	14,110,824
Decreased by:		
Fund Balance Utilized as Budget Revenue	1,900,000	500,000
	<u>25,850,342</u>	<u>20,613,946</u>
Fund Balance - December 31, 2010		

See accompanying notes to the financial statements.

CITY OF HOBOKEN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

With comparative figures for the Year Ending June 30, 2010

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 1,900,000	1,900,000	
Miscellaneous Revenues:			
Licenses and Fees:			
Other	100,000	42,106	(57,894)
Fees and Permits	150,000	80,622	(69,378)
Zoning Board of Adjustment Fees	63,000	44,090	(18,910)
Rent Leveling Fees	19,000	17,263	(1,737)
Fines and Costs:			
Municipal Court	2,300,000	2,664,010	364,010
Parking Tax	490,000	540,966	50,966
Interest on Investments and Deposits	75,000	42,214	(32,786)
Rents on City Owned Property	35,000	18,810	(16,190)
SJP Properties - Block A-Phase I	535,992	535,992	
SJP Properties - Block A-Phase II	535,992	535,992	
SJP Properties/Applied - Block B	150,000		(150,000)
Applied Development Co. - South Waterfront - Block C	617,536	617,536	
1300 Grand Street (Pilot Payment)	373,702	378,116	4,414
Grogan Marineview Plaza	325,000		(325,000)
Clocktowers	68,151	72,570	4,419
Marion Towers Associates	86,037	89,654	3,617
Church Towers Urban Renewal	229,451	237,185	7,735
Columbian Towers	44,000	58,216	14,216
Columbian Arms	11,122	13,034	1,912
Hudson Square North	45,000	61,026	16,026
Willow Avenue Associates - 800 - 812 Willow Avenue	17,000	18,496	1,496
1200 Grand Street	506,192	504,120	(2,072)
Applied Housing - 1203-1219 Williwow Avenue	121,509	153,570	32,061
Applied Housing - 1201-1221 Washington Estates	215,855	232,554	16,699
Applied Housing - 1200-1220 Hudson Estates	231,661	267,706	36,046
Applied Housing - 1301-1309 Bloomfield Estates	63,859	80,932	17,073
Applied Housing - Midway 500-508 Adams Street	107,959	136,176	28,218
Applied Housing - Elysian Estates	40,721	39,740	(981)
Applied Housing - Church Square	62,673	69,704	7,032
Applied Housing - Eastview Associates	55,356	60,086	4,730
Applied Housing - Westview Associates	92,505	96,972	4,467
Applied Housing - Northvale I - 911-923 Clinton Street	192,011	230,406	38,396
Applied Housing - Northvale II - 901-919 Clinton Street	191,541	201,200	9,659
Applied Housing - Northvale IIIA	33,000	39,483	6,483
Applied Housing - Northvale III B - 1106-1014 Clinton Street	55,000	51,105	(3,895)
Applied Housing - Northvale IV - 58 11th Street	8,805	8,832	27
1100 Adams Street	275,000	284,733	9,733
Parking Utilities Surplus	1,750,000	1,750,000	
Legislative Initiative Municipal Grant Block	5,000,459	4,993,985	(6,474)
Consolidated Municipal Property Tax Relief Aid	6,112,576	6,112,576	
Uniform Construction Code Fees	300,000	415,281	115,281
Hoboken Housing Authority - Public Safety	45,000	406,175	361,175
Over Limit/Under Arrest	4,400	4,400	
Pedestrian Safety Grant	15,000	15,000	
Housing Inspection Program	100,000	100,000	
Body Armor Replacement Fund	12,642	12,642	
Afterschool Initiative Grant	30,000	30,000	
Alcohol Education Rehabilitation	2,208	2,208	

CITY OF HOBOKEN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

With comparative figures for the Year Ending June 30, 2010

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Hoboken 9-11 Memorial on Pier Park	250,000	250,000	
Recycling Tonnage Grant	25,021	25,021	
NJ Forest Service Business Stimulus Fund	6,500	6,500	
Summer Food Program	31,374	31,374	
County of Hudson CDBG	562,000	562,000	
Justice Assistance Grant	20,858	20,858	
Safer Grant	54,434	54,434	
Over Limit/Under Arrest	5,000	5,000	
Clean Communities	35,000	34,302	(698)
2008 Roadway Improvement Project	75,000		(75,000)
Save the Youth	350,000	325,000	(25,000)
Clean Energy Program	190,000	246,642	56,642
State Library Aid	170,000	264,441	94,441
	<u>23,672,099</u>	<u>24,193,056</u>	<u>520,957</u>
Total Miscellaneous Revenues			
	<u>25,572,099</u>	<u>26,093,056</u>	<u>520,957</u>
Subtotal General Revenues			
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>28,511,860</u>	<u>27,842,355</u>	<u>(669,505)</u>
Budget Totals	54,083,959	53,935,411	(148,548)
Non-Budget Revenue		<u>904,067</u>	<u>904,067</u>
	<u>\$ 54,083,959</u>	<u>54,839,478</u>	<u>755,519</u>

CITY OF HOBOKEN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

With comparative figures for the Year Ending June 30, 2010

Analysis of Realized Revenues

Revenue from Current Tax Collections		\$	70,251,717
Allocated to County of Hudson	\$	26,528,490	
Local School District		<u>18,380,872</u>	
			<u>44,909,362</u>
Balance for Support of Municipal Budget Appropriations			25,342,355
Add : Appropriation - Reserve for Uncollected Taxes			<u>2,500,000</u>
Amount for Support of Municipal Budget Appropriations	\$		<u><u>27,842,355</u></u>

Analysis of Non-budget RevenuesMiscellaneous Revenue Not Anticipated

Interest and Costs on Taxes	\$	54,905
Alcoholic Beverages		7,770
NJ Transit B139 L1.1		15,278
Municipal Alliance (County Share)		84,652
Offset Not Applied		650
Tax Title Liens		894
Delinquent Taxes		158,611
Credit Card Fees		2,446
Hoboken Historic		775
Tax Searches		34
Variances		330
Duplicate Bills		950
Administration Fee		885
Recreation Fees		20,890
Senior Citizen Program		120
Closeout of Old Accounts		128,924
Miscellaneous		418,257
Police Public Safety		<u>7,696</u>
	\$	<u><u>904,067</u></u>
Mortgage Receivable Adjustment		700
Change Fund		650
Tax Title Lien Adjustment		893
Hoboken Library		6,244
Various Reserves		23,589
Cash Receipts		<u>871,991</u>
	\$	<u><u>904,067</u></u>

See accompanying notes to the financial statements.

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

	TY 2010 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
General Government:					
Mayor and Council					
Salaries and Wages	118,817	118,817	118,748	69	
Other Expenses	4,974	4,974	1,799	3,175	
City Council					
Salaries and Wages	109,791	111,291	111,009	282	
Other Expenses	3,375	3,375	337	3,038	
Office of the Clerk					
Salaries and Wages	215,509	215,509	201,380	14,129	
Other Expenses	3,275	13,275	7,704	5,571	
Other Expenses - Legal Advertising	12,500	24,500	19,156	5,344	
Other Expenses - Codification of Ordinances	50,000	30,000	22,000	8,000	
Salaries and Wages - Elections		12,500	9,756	2,744	
Other Expenses - Elections		10,000	992	9,008	
Department of Administration					
Business Administrator's Office					
Salaries and Wages	130,000	130,000	130,000		
Other Expenses	5,300	5,300	2,740	2,560	
Purchasing					
Salaries and Wages	127,640	127,640	126,094	1,546	
Other Expenses	1,585	1,585	1,354	231	

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

	TY 2010 <u>Budget</u>	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance <u>Canceled</u>
Personnel and Health Benefits					
Salaries and Wages	118,170	118,170	118,170		
Other Expenses	1,200	1,200	231	969	
Zoning and Administration					
Salaries and Wages	61,744	61,744	61,709	35	
Other Expenses	2,000	2,000	1,816	184	
Uniform Construction Code					
Salaries and Wages	377,691	377,691	364,501	13,190	
Other Expenses	88,015	62,515	18,494	44,021	
Corporation Council					
Salaries and Wages	123,405	123,405	117,163	6,242	
Other Expenses	40,500	40,500	38,816	1,684	
Other Expenses - Special Council	340,000	340,000	333,119	6,881	
Other Expenses - Expert Witness & Appraisal	5,000	5,000	451	4,549	
Revenue and Finance Director					
Salaries	311,550	315,050	312,460	2,590	
Other Expenses	49,605	57,105	55,086	2,019	

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

	TY 2010 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Annual Audit	97,500	97,500	45,000	52,500	
Other Expenses					
Tax Collections	120,000	120,000	118,509	1,491	
Salaries and Wages	35,790	35,790	32,483	3,307	
Other Expenses					
Information Technology	65,000	65,000	64,835	165	
Salaries and Wages	16,565	16,565	2,652	13,913	
Other Expenses					
Municipal Court	525,000	525,000	477,107	47,893	
Salaries and Wages	99,855	99,855	41,805	58,050	
Other Expenses					
Public Defender	35,105	35,105	33,805	1,300	
Salaries and Wages	1,250	1,250	755	495	
Other Expenses					
Office of the Tax Assessor	176,649	176,649	173,810	2,839	
Salaries and Wages	16,750	16,750	13,456	3,294	
Other Expenses					
Department of Human Services	102,000	104,000	103,766	234	
Director's Office	1,000	1,000	741	259	
Salaries and Wages					
Other Expenses					

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

	TY 2010 <u>Budget</u>	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance <u>Canceled</u>
Rent Leveing					
Salaries and Wages	93,788	94,388	94,359	29	
Other Expenses	1,925	1,925	1,397	528	
Housing Inspections					
Salaries and Wages	69,900	75,400	74,641	759	
Other Expenses	500	500	74	426	
Health					
Salaries and Wages	269,491	269,491	259,191	10,300	
Other Expenses	75,461	75,461	70,171	5,290	
Senior Citizens					
Salaries and Wages	157,377	157,377	155,070	2,307	
Other Expenses	4,900	4,900	4,612	288	
Recreation and Cultural Affairs					
Salaries and Wages	240,000	240,000	197,073	42,927	
Other Expenses	70,050	70,050	64,955	5,095	
Cultural Affairs					
Salaries and Wages	53,811	53,811	42,322	11,489	
Department of Environmental Services					
Director's Office					
Salaries and Wages	129,164	129,164	128,983	181	
Other Expenses	3,400	3,400	951	2,449	

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

	TY 2010 <u>Budget</u>	Budget after Modification and <u>Transfer</u>	Paid or <u>Charged</u>	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>
Parks					
Salaries and Wages	279,679	292,679	285,766	6,913	
Other Expenses	72,830	72,830	53,399	19,431	
Public Property					
Salaries and Wages	350,024	380,024	379,477	547	
Other Expenses	223,226	223,226	161,601	61,625	
Streets and Roads					
Salaries and Wages	467,286	407,286	393,965	13,321	
Other Expenses	35,558	35,558	19,483	16,075	
Emergency Sinatra Drive		335,000	62,505	272,495	
Central Garage					
Salaries and Wages	132,625	132,625	99,833	32,792	
Other Expenses	258,373	258,373	211,565	46,808	
Sanitation					
Salaries and Wages	399,154	399,154	328,735	70,419	
Other Expenses	1,897,016	1,910,016	1,401,853	508,163	
Department of Community Development					
Director's Office					
Salaries and Wages	82,096	82,096	81,531	565	
Other Expenses	49,625	49,625	43,243	6,382	
Grants Management					
Other Expenses	24,000	24,000	24,000		
Planning Board					
Salaries and Wages	81,172	81,172	79,933	1,239	
Other Expenses	30,850	30,850	20,791	10,059	

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

	TY 2010 <u>Budget</u>	Budget after Modification and <u>Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>
Zoning Board of Adjustment					
Other Expenses	82,125	82,125	36,498	45,627	
Redevelopment					
Other Expenses	150,000	150,000	83,000	67,000	
Historical Preservation Committee					
Other Expenses	250	250	100	150	
Department of Public Safety					
Police					
Salaries and Wages	7,220,470	7,240,470	7,240,470		
Other Expenses	90,911	104,411	98,934	5,477	
Acquisition of Vehicles	108,000	108,000	108,000		
Fire					
Salaries and Wages	6,500,000	6,439,250	6,157,565	281,685	
Other Expenses	136,610	136,610	78,243	58,367	
Uniform Fire Safety Act					
Salaries and Wages	43,073	43,073	43,073		
Office of Emergency Management					
Salaries and Wages	65,000	65,000	50,727	14,273	
Other Expenses	5,473	5,473	2,560	2,913	
Insurance					
General Liability	810,000	882,000	877,287	4,713	
Worker's Compensation	375,000	413,000	410,556	2,444	
Employee Group Health	8,677,000	8,559,150	7,772,939	786,211	
UNCLASSIFIED:					
Alcoholic Beverage Control Board					
Salaries and Wages	2,080	2,080	1,846	234	
Other Expenses	1,250	1,250	100	1,150	
Volunteer Ambulance					
Other Expenses	20,000	20,000	20,000		

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

	TY 2010 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
North Hudson Regional Council of Mayors					
Other Expenses	28,350	28,350	28,350		
Settlement of Claims Against the City	5,000	5,000	2,500	2,500	
Towing/Storage of Abandoned Vehicles	3,750	3,750	1,410	2,340	
Engineering	150,000	150,000	111,369	38,631	
Labor Arbitrations	50,000	50,000	49,084	916	
Municipal Dues and Memberships	3,500	3,500		3,500	
Celebration of Public Events	7,500	7,500	417	7,083	
Postage	65,000	65,000	44,645	20,355	
Copiers/ Printers	27,500	27,500	13,047	14,453	
Tax Maps	175,000	175,000	172,500	2,500	
Stationary and Office Supplies	38,750	38,750	13,240	25,510	
Utilities:					
Electricity	250,000	297,500	218,980	78,520	
Street Lighting	362,500	352,500	290,066	62,434	
Gasoline	130,904	180,904	180,805	99	
Fuel	17,500	17,500	8,480	9,020	
Water and Sewer	96,100	28,100	27,651	449	
Communications	125,000	125,000	120,988	4,012	
Telecommunications Equipment	6,000	6,000	2,352	3,648	
Anticipated Terminal Leave Appropriation	1,850,000	1,850,000	1,613,126	236,874	
Total Operations within "CAPS"	36,826,986	37,161,986	33,906,195	3,255,791	
Total Operations Including Contingent-within "CAPS"	36,826,986	37,161,986	33,906,195	3,255,791	
Detail:					
Salaries & Wages	19,354,261	19,322,111	18,737,381	584,730	
Other Expenses (Including Contingent)	17,472,725	17,839,875	15,168,814	2,671,061	
Total:	36,826,986	37,161,986	33,906,195	3,255,791	

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

	TY 2010 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
DEFERRED CHARGES:					
Deficit in Workers Compensation Trust	91,332	91,332	91,332		
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	775,000	775,000	605,787	169,213	
Consolidated Police and Firemen's Pension Fund	16,500	16,500	996	15,504	
Police and Firemans Retirement System					
Unemployment Compensation Insurance	150,000	150,000	75,148	74,852	
Total Deferred Charges and Statutory Expenditures-Municipal within "CAPS"	1,032,832	1,032,832	773,263	259,569	
Total General Appropriations for Municipal Purposes within "CAPS"	37,859,818	38,194,818	34,679,458	3,515,360	
Operations - Excluded from "CAPS"					
Maintenance of Free Public Library(P.L. 1985 Ch. 22)					
Other Expenses	1,839,240	1,839,240	1,839,240		
Reserve for Tax Appeals	1,792,141	1,792,141	1,792,141		
Interlocal Municipal Service Agreements					
Police Salaries and Wages	270,000	270,000	270,000		
Total Other Operations - Excluded from "CAPS"	3,901,381	3,901,381	3,901,381		

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

	TY 2010 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Public and Private Programs Offset by Revenues					
State Local Cooperative Housing Inspection Program					
Salaries and Wages					
Over Limit/Under Arrest	4,400	4,400	4,400		
Pedestrian Safety Grant	15,000	15,000	15,000		
Housing Inspection Program	100,000	100,000	100,000		
Body Armor Replacement Fund	12,642	12,642	12,642		
Afterschool Initiative Grant	30,000	30,000	30,000		
Alcohol Education Rehabilitation	2,208	2,208	2,208		
Hoboken 9-11 Memorial on Pier Park	250,000	250,000	250,000		
Recycling Tonnage Grant	25,021	25,021	25,021		
NJ Forest Service Business Stimulus Fund	6,500	6,500	6,500		
Summer Food Service	31,374	31,374	31,374		
County of Hudson CDBG	562,000	562,000	562,000		
Justice Assistance Grant	20,858	20,858	20,858		
Safer Grant	54,434	54,434	54,434		
Over the Limit Under Arrest	5,000	5,000	5,000		
Total Public and Private Programs Offset by Revenues	1,119,437	1,119,437	1,119,437		
Total Operations-Excluded from "CAPS"	5,020,818	5,020,818	5,020,818		
Detail:					
Salaries and Wages	270,000	270,000	270,000		
Other Expenses	4,750,818	4,750,818	4,750,818		
Total:	5,020,818	5,020,818	5,020,818		
Down Payments on Improvements					

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

	TY 2010 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Capital Improvement Fund	1,130,000	1,130,000	1,130,000		
Total Capital Improvements Excluded from "CAPS"	1,130,000	1,130,000	1,130,000		
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	3,090,000	3,090,000	3,090,000		
Payment of Note Principal	444,020	444,020	444,020		
Interest on Notes	1,733,093	1,733,093	1,733,093		
Interest on Notes	199,020	199,020	198,467		553
Green Trust Loan Program					
Loan Repayments for Principal and Interest	106,500	106,500	97,719		8,781
Interest on Garage Sale	195,000	195,000	174,785		20,215
Principal on H.C.I.A. Police Car Loan	86,298	86,298	86,298		
Total Municipal Debt Service-Excluded from "CAPS"	5,853,931	5,853,931	5,824,382		29,549

CITY OF HOBOKEN

Statement of Expenditures - Regulatory Basis

Current Fund

Six Month Period Ended December 31, 2010

	TY 2010 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
DEFERRED CHARGES:					
Overexpenditure of Appropriations	1,619,392	1,619,392	1,619,392		
Total Deferred Charges - Municipal - Excluded from "CAPS"	1,619,392	1,619,392	1,619,392		
Judgements	100,000	100,000	2,500		97,500
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	13,724,141	13,724,141	13,597,092		127,049
Subtotal General Appropriations	51,583,959	51,918,959	48,276,550	3,515,360	127,049
Reserve for Uncollected Taxes	2,500,000	2,500,000	2,500,000		
Total General Appropriations	\$ 54,083,959	54,418,959	50,776,550	3,515,360	127,049
Adopted Budget	54,083,959				
Emergency Appropriation	335,000				
	54,418,959				
Reserve for Uncollected Taxes			2,500,000		
Deferred Charges			1,619,392		
Interfunds			1,975,262		
Various Reserves			2,594,335		
Encumbrances			1,286,059		
Cash Disbursements			40,801,502		
			\$ 50,776,550		

See accompanying notes to the financial statements.

CITY OF HOBOKEN

Comparative Balance Sheet - Regulatory Basis

Trust Funds

Six Months Period ended December 31, 2010

With comparative figures for the Year Ended June 30, 2010

<u>Assets</u>	<u>Ref.</u>	<u>Six Month Period Ending December 31, 2010</u>	<u>Fiscal Year Ending June 30, 2010</u>
Animal License Fund:			
Cash	B-1	\$ <u>14,886</u>	<u>13,377</u>
Other Trust Funds:			
Cash	B-1	7,791,781	7,785,954
Deferred Charges-Overexpenditure of Reserves	B-6	8,795	91,332
Due from Current Fund	B-5	<u>192,040</u>	<u>124,297</u>
		<u>7,992,616</u>	<u>8,001,583</u>
Section 8 - Housing Assistance Program:			
Cash	B-1	731,745	1,019,199
Due From Community Development Trust Fund	B-9	<u>127,044</u>	<u> </u>
		<u>858,789</u>	<u>1,019,199</u>
Community Development Block Grant Trust Fund:			
Grants Receivable	B-12	1,299,350	923,450
Due from Section 8 - Housing Assistance Program	B-10	<u> </u>	<u>31,492</u>
		<u>1,299,350</u>	<u>954,942</u>
		<u>\$ 10,165,641</u>	<u>9,989,101</u>

CITY OF HOBOKEN

Comparative Balance Sheet - Regulatory Basis

Trust Funds

Six Months Period ended December 31, 2010

With comparative figures for the Year Ended June 30, 2010

	Ref.	Six Month Period Ending December 31, 2010	Fiscal Year Ending June 30, 2010
<u>Liabilities and Reserves</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-2	14,177	12,589
Due to State of New Jersey	B-3	709	788
		<u>14,886</u>	<u>13,377</u>
Other Trust Funds:			
Due to State of New Jersey	B-4	54,533	97,471
Reserve for Other Trust Fund Deposits	B-6	7,938,083	7,904,112
		<u>7,992,616</u>	<u>8,001,583</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		31,492
Reserve for Sect. 8 - Housing Assistance Program	B-7	811,078	939,996
		<u>858,789</u>	<u>1,019,199</u>
Community Development Block Grant Trust Fund			
Reserve for Community Dev. Block Grant	B-11	1,172,306	954,942
Due to Section 8 - Housing Assistance Program	B-10	127,044	
		<u>1,299,350</u>	<u>954,942</u>
		<u>\$ 10,165,641</u>	<u>9,989,101</u>

See accompanying notes to financial statements.

CITY OF HOBOKEN, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

Six Month Period Ended December 31 2010

With comparative figures for the Year Ending June 30, 2010

	Ref.	Six Month Period Ending December 31, 2010	Fiscal Year Ending June 30, 2010
<u>Assets</u>			
Cash	C-2/C-3	\$ 6,935,254	698,114
Accounts Receivable:			
Port Authority	C-4	1,658,521	1,658,521
NJ DEP	C-4	951,000	951,000
State Highway Facilities Grant	C-4		644,074
Developer - Maxwell Place Walkway	C-4	101,730	101,730
Economic Development Authority	C-4		877,000
Green Acres	C-4		2,700,000
Hudson County Open Space	C-4		550,000
Amount Due from Current Fund	C-7	1,883,930	
Deferred Charges to Future Taxation:			
Funded	C-5	38,576,078	38,972,656
Unfunded	C-6	60,678,313	56,995,333
		\$ 110,784,826	104,148,428
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	\$ 37,042,442	37,042,442
Bond Anticipation Notes	C-9	31,782,310	11,372,580
Green Acres Trust Loan Payable	C-10	1,509,164	1,905,742
Underground Storage Tank Loan Payable	C-11	24,472	24,472
Improvement Authorizations:			
Funded	C-12	948,772	5,846,924
Unfunded	C-12	18,176,290	32,319,881
Amount Due to Parking Utility Capital Fund	C-7	2,000,000	
Reserve for Encumbrances	C-13	2,226,958	47,043
Capital Improvement Fund	C-14	1,255,250	125,250
Reserve for Hazmat Funds - Due from Grant	C-15	17,630	17,630
Reserve for Payment of BAN's	C-15	232,060	232,060
Reserve for Green Acres - 1600 Adams Street	C-15	200,000	200,000
Reserve for Green Acres - 1600 Park Avenue	C-15	341,000	
Reserve for COPs Agreement			
Reconstruction of Pier C	C-15	15,000,000	15,000,000
Fund Balance	C-1	28,478	14,404
		\$ 110,784,826	104,148,428

There were \$45,622,753 and \$28,896,003 of Bonds and Notes Authorized but Not Issued on June 30, 2010 and December 31 2010 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

Six Month Period Ended December 31 2010

Balance, June 30, 2010	\$	14,404
Increased by:		
Premium on Sale of Bond Anticipation Notes		<u>14,074</u>
Balance, December 31, 2010	\$	<u><u>28,478</u></u>

See accompanying notes to the financial statements.

CITY OF HOBOKEN, N.J.

Comparative Balance Sheet - Regulatory Basis

Parking Utility Fund

Six Month Period Ended December 31, 2010

With comparative figures for the Year Ending June 30, 2010

		Six Month Period Ending <u>December 31, 2010</u>	Fiscal Year Ending <u>June 30, 2010</u>
<u>Assets</u>			
Parking Utility Operating Fund:			
Cash	D-4	\$ 4,343,801	2,818,463
Deferred Charge	D-5		20,000
Due From Parking Utility Capital Fund	D-6	<u>1,974,000</u>	<u>1,974,000</u>
Total Parking Utility Operating Fund		<u>6,317,801</u>	<u>4,812,463</u>
Capital Fund:			
Fixed Capital	D-12	45,157,185	45,157,185
Due From General Capital Fund	D-13	<u>2,000,000</u>	
Total Capital Fund		<u>47,157,185</u>	<u>45,157,185</u>
		<u>\$ 53,474,986</u>	<u>49,969,648</u>

CITY OF HOBOKEN, N.J.

Comparative Balance Sheet - Regulatory Basis

Parking Utility Fund

Six Month Period Ended December 31, 2010

With comparative figures for the Year Ending June 30, 2010

		Six Month Period Ending December 31, 2010	Fiscal Year Ending June 30, 2010
<u>Liabilities, Reserves and Fund Balance</u>			
Parking Utility Operating Fund:			
Appropriation Reserves	D-3,7	865,270	2,088,791
Security Deposits	D-8	233,776	233,776
Accrued Interest on Bonds and Notes	D-9	520,202	572,598
Reserve for Encumbrances	D-10	380,076	
Interfund Accounts Payable:			
Due to Current Fund	D-11	309,694	
Fund Balance	D-1	<u>4,008,783</u>	<u>1,917,298</u>
Total Parking Utility Operating Fund		<u>6,317,801</u>	<u>4,812,463</u>
Capital Fund:			
Interfund Accounts Payable:			
Due to Parking Utility Operating Fund	D-14	1,974,000	1,974,000
Bond Anticipation Notes	D-15	6,200,000	4,400,000
Serial Bonds Payable	D-16	19,855,000	19,855,000
Improvement authorization:			
Unfunded	D-17	226,000	226,000
Reserve for:			
Amortization	D-18	<u>18,902,185</u>	<u>18,702,185</u>
Total Capital Fund		<u>47,157,185</u>	<u>45,157,185</u>
		<u>\$ 53,474,986</u>	<u>49,969,648</u>

There were \$200,000 and \$2,200,000 of Bonds and Notes Authorized But Not Issued on December 31, 2010 and June 30, 2010 respectively (Exhibit D-19).

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

Six Month Period Ended December 31, 2010

With comparative figures for the Year Ending June 30, 2010

	Six Month Period Ending <u>December 31, 2010</u>	Fiscal Year Ending <u>June 30, 2010</u>
Revenue and other income:		
Fund Balance Utilized	\$ 131,000	300,000
Revenues Anticipated	7,038,654	13,056,016
Unexpended balance appropriation reserve	1,554,950	1,167,276
Total revenue and other income	<u>8,724,604</u>	<u>14,523,292</u>
Expenditures:		
Operating	3,604,805	6,899,556
Capital Improvements	257,000	445,000
Debt service	742,814	2,379,118
Deferred charges and statutory expenditures	147,500	395,000
Surplus (General Budget)	<u>1,750,000</u>	<u>3,500,000</u>
Total expenditures	<u>6,502,119</u>	<u>13,618,674</u>
Excess (Deficit) in revenues	2,222,485	904,618
Fund balance, Beginning	<u>1,917,298</u>	<u>1,312,680</u>
Decreased by utilization by parking operating budget	<u>131,000</u>	<u>300,000</u>
Balance, Ending	<u>\$ 4,008,783</u>	<u>1,917,298</u>

See accompanying notes to financial statements.

CITY OF HOBOKEN, N.J.

Statement of Revenues - Regulatory Basis

Parking Utility Operating Fund

Six Month Period ended June 30, 2010

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 131,000	131,000	
Parking Fees - Continuing Operations	4,663,000	4,837,155	174,155
Permits	375,000	477,458	102,458
Coupons	195,000	263,023	68,023
Interest		914	914
Boot Releases	250,000	437,225	187,225
Meter Income	925,000	990,179	65,179
Rentals	30,000	32,700	2,700
	<u>\$ 6,569,000</u>	<u>7,169,654</u>	<u>600,654</u>

See accompanying notes to financial statements.

CITY OF HOBOKEN, N.J.

Statement of Expenditures - Regulatory Basis

Parking Utility Operating Fund

Six Month Period ended December 31, 2010

	Appropriations		Paid or charged	Reserved	Canceled
	Budget	Budget after Modification			
Operating:					
Salaries and Wages	\$ 1,300,000	1,300,000	1,195,373	104,627	
Other Expenses	1,707,800	1,727,800	983,165	744,635	
Other Expenses-Trustee Fees	577,005	577,005	577,005		
Other Expenses - Group Health Benefits	20,000				
Total Operating	3,604,805	3,604,805	2,755,543	849,262	
Capital Improvements					
Capital Outlay	257,000	257,000	240,992	16,008	
Total Capital Improvements	257,000	257,000	240,992	16,008	
Debt Service:					
Payment of Note Principal	200,000	200,000	200,000		
Interest on Bonds	500,000	500,000	485,515		14,485
Interest on Notes	109,695	109,695	57,299		52,396
	809,695	809,695	742,814		66,881
Deferred Charges and Statutory Expenditures:					
Deferred Charges:					
Overexpenditure of Appropriation Reserve	20,000	20,000	20,000		
Statutory Expenditures - Contribution to:					
Public Employees' Retirement System					
Social Security	95,000	95,000	95,000		
Unemployment Compensation	32,500	32,500	32,500		
Total Deferred Charges and Statutory Expenditures	147,500	147,500	147,500		
Surplus (General Budget)	1,750,000	1,750,000	1,750,000		
	\$ 6,569,000	6,569,000	5,636,849	865,270	66,881
			Cash Disbursed \$ 4,927,079		
			Deferred Charges 20,000		
			Encumbered 380,076		
			Interfund 309,694		
			\$ 5,636,849		

See accompanying notes to financial statements.

CITY OF HOBOKEN, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

Six Month Period Ended December 31, 2010

With comparative figures for the Year Ending June 30, 2010

	Six Month Period Ending <u>December 31, 2010</u>	Fiscal Year Ending <u>June 30, 2010</u>
General Fixed Assets:		
Land	\$ 2,295,200	2,295,200
Buildings	27,987,274	27,987,274
Machinery and equipment	<u>8,168,216</u>	<u>8,168,216</u>
	<u>38,450,690</u>	<u>38,450,690</u>
Investment in General Fixed Assets	\$ <u>38,450,690</u>	<u>38,450,690</u>

See accompanying notes to financial statements.

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with 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
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(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.

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

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

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

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

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

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

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

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
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(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. During 2010, the Council approved emergency appropriations of \$335,000 for emergency street repairs. In addition, several budget transfers were approved by the Governing Body.

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

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

Basis of Accounting, (continued)

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

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

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

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

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

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

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

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

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

Basis of Accounting, (continued)

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at 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
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(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, 2010, \$-0- of the City's bank balance of \$49,275,905 was exposed to custodial credit risk.

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(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, 2010 consisted of the following:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Adjustments</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$37,042,442	\$	\$	\$37,042,442	\$3,170,000
Parking Utility Obligation Debt	<u>19,855,000</u>	<u> </u>	<u> </u>	<u>19,855,000</u>	<u>1,125,000</u>
Total Bonds Payable	<u>56,897,442</u>	<u> </u>	<u> </u>	<u>56,897,442</u>	<u>4,295,000</u>
Other Liabilities:					
Green Acres Trust Loan	1,905,742		90,552	1,815,190	
Underground Storage Tank Loan	24,472			24,472	24,472
Pension Deferrals Payable	3,234,155			3,234,155	
Compensated Absences Payable	<u>1,621,440</u>	<u>12,806,831</u>		<u>14,428,271</u>	
Total Other Liabilities	<u>\$6,785,809</u>	<u>\$12,806,831</u>	<u>\$90,552</u>	<u>\$19,502,088</u>	<u>\$24,472</u>

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(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:

	Six Month Period Ended December 31, <u>2010</u>	Year Ended June 30, <u>2010</u>	Year Ended June 30, <u>2009</u>
Issued:			
General Bonds, Notes and Loans	\$70,358,388	\$50,345,236	\$64,155,813
Parking Utility Bonds, Notes and Loans	26,055,000	24,255,000	25,530,000
Certificates of Participation		15,320,043	15,320,043
Hoboken Hospital Authority*	<u>50,150,000</u>	<u>52,000,000</u>	<u>52,000,000</u>
Net Debt Issued	<u>146,563,388</u>	<u>141,920,279</u>	<u>157,005,856</u>
Authorized But Not Issued:			
General Bond, Notes and Loans	28,896,003	45,622,753	17,539,503
Parking Utility Bonds, Notes and Loans	<u>200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>
Total Authorized But Not Issued	<u>29,096,003</u>	<u>47,822,753</u>	<u>19,739,503</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$175,659,391</u>	<u>\$189,743,032</u>	<u>\$176,745,359</u>

* Guaranteed by the City of Hoboken

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.88%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$149,404,391	\$57,679,502	\$91,724,889
Utility Debt	<u>26,255,000</u>	<u>26,255,000</u>	
	<u>\$175,659,391</u>	<u>\$83,934,502</u>	<u>\$91,724,889</u>

Net Debt \$91,724,889 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$10,442,072,491 equals 0.88%.

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

3 ½% of equalized valuation basis (municipal)	\$365,472,537
Net Debt	<u>91,724,889</u>
Remaining borrowing power	<u>\$273,747,648</u>

The City's long term debt consisted of the following at December 31, 2010:

	<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	\$7,297,442
\$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>29,745,000</u>
	<u>\$37,042,442</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	\$555,613
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	238,502
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>715,049</u>
	<u>\$1,509,164</u>

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

<u>Underground Storage Tank Loan - Paid by Current Fund</u>	<u>Amount Outstanding</u>
<p>The City has an outstanding loan agreement with New Jersey Economic Development Authority for the removal of underground storage tanks in the amount of \$244,735 with annual payments of \$24,474 made on February 1, 2002 through February 1, 2011</p>	<u>\$24,272</u>
<u>Parking Utility Bonds - Paid by Parking Utility Fund</u>	
<p>Obligation Bonds Series 2002 - with an interest rate of 3.80% to 5.25% issued December 31, 1998, due through December 31, 2023</p>	<u>\$19,855,000</u>

The City's principal and interest for bonded debt and loans issued and outstanding as of December 31, 2010 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>	
2011	\$3,360,554	\$1,871,222	\$1,125,000	\$942,566	\$7,299,342
2012	3,524,418	1,708,700	1,185,000	884,124	7,302,242
2013	3,727,824	1,530,594	1,250,000	828,984	7,337,402
2014	3,951,297	1,334,658	1,270,000	778,425	7,334,380
2015	4,189,841	1,122,272	1,320,000	718,375	7,350,488
2016	4,389,865	896,586	1,390,000	647,238	7,323,689
2017	4,573,348	659,281	1,460,000	572,425	7,265,054
2018	4,839,923	408,967	1,540,000	493,675	7,282,565
2019	441,529	267,701	1,690,000	412,138	2,811,368
2020	463,168	242,012	1,770,000	327,963	2,803,143
2021	524,839	213,690	1,860,000	239,650	2,838,179
2022	549,885	182,248	1,950,000	149,956	2,832,089
2023	557,147	148,359	2,045,000	49,756	2,800,262
2024	580,000	112,125			692,125
2025	660,000	71,825			731,825
2026	775,000	25,188			800,188
2027	217,820	922,180			1,140,000
2028	213,756	986,244			1,200,000
2029	212,557	1,067,443			1,280,000
2030	209,768	1,145,232			1,355,000
2031	207,099	1,227,901			1,435,000
2032	204,501	1,315,499			1,520,000
2033	201,939	1,408,058			1,609,997
	<u>\$38,576,078</u>	<u>\$18,867,985</u>	<u>\$19,855,000</u>	<u>\$7,045,275</u>	<u>\$84,344,338</u>

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(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.

Recently, the HMHA entered into negotiations with Bayonne Medical Center (BMC) to purchase the Hoboken Hospital. This transaction, as is proposed, would have a for profit entity, Hoboken University Medical Center Hold Co. purchase the hospital from the HMHA and defease the bonds guaranteed by the City of Hoboken. The HMHA has already filed for bankruptcy protection and if this transaction is fully approved, the HMHA would cease to exist through bankruptcy and the City would no longer be a guarantor of the defeased debt.

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, 2010, the City had \$31,782,310 in outstanding general capital bond anticipation notes. The City also had \$6,200,000 of Parking Utility Capital Bond Anticipation notes.

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the six month period ended December 31, 2010.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
General Capital Fund	\$11,372,580	\$31,782,310	\$11,372,580	\$31,782,310
Parking Utility Capital Fund	<u>4,400,000</u>	<u>6,200,000</u>	<u>4,400,000</u>	<u>6,200,000</u>
	<u>\$15,772,580</u>	<u>\$37,982,310</u>	<u>\$15,772,580</u>	<u>\$37,982,310</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, 2010</u>	<u>2011 Budget Appropriation</u>	<u>Balance Succeeding Year Budget</u>
Current Fund:			
Emergency Appropriation	\$335,000	\$335,000	\$
Overexpenditure of Appropriations	6,477,570	1,619,392	4,858,178
Federal and State Grant Fund:		161,474	
Expenditures Without Appropriation	161,474		
Trust Funds:			
Overexpenditure of Workers Compensation	<u>8,795</u>	<u>8,795</u>	<u> </u>
Total Deferred Charges	<u>\$6,982,839</u>	<u>\$2,124,661</u>	<u>\$4,858,178</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
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th 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
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(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.

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
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

NOTE 6. PENSION PLANS, (continued)

Significant Legislation

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

The City of Hoboken opted for this deferral in the amount of \$3,234,155.

Contribution Requirements

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

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

<u>Period Ended</u>	<u>PERS</u>	<u>PFRS</u>
Year Ended June 30, 2010	\$1,063,071	\$6,196,298
Year Ended June 30, 2009	596,190	2,990,344
Year Ended June 30, 2008	738,978	5,637,846

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

NOTE 6. PENSION PLANS, (continued)

Defined Contribution Retirement Program

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

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

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

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

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

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

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

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.

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

NOTE 7. ACCUMULATED VACATION AND SICK PAY, (continued)

The estimated accumulated vacation time liability as of December 31, 2010 was \$14,428,271.

NOTE 8. FIXED ASSETS

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

NOTE 9. DUE TO/FROM OTHER FUNDS

Balances due from/to other funds at December 31, 2010 consist of the following:

\$2,000,000	Due to Parking Utility Capital Fund from the General Capital Fund for loan advances.
91,332	Due to Other Trust Fund from Current Fund for Worker's Compensation deficit.
460,963	Due to Current Fund from County of Hudson Open Space Trust.
1,883,930	Due to General Capital Fund from Current Fund for loan advances.
309,694	Due to Current Fund from Parking Operating Fund.
100,708	Due to O&M Fund from Current Fund for loan advanced.
1,974,000	Due to Parking Utility Operating Fund from Parking Utility Capital for an improvement authorization.
<u>2,594</u>	Due from State and Federal Grant Fund to Current Fund for grant money, and grants charged off and transferred to departments.
<u>\$6,823,221</u>	

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

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(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 2010 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
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(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:

	Balance December 31, <u>2010</u>	Balance June 30, <u>2010</u>
Prepaid Taxes	<u>\$0</u>	<u>\$0</u>
Cash Liability for Taxes Collected in Advance	<u>\$0</u>	<u>\$0</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:

Monroe Center Development, LLC v. City of Hoboken, et al., United States District Court for the District of New Jersey, Civil Action No.: 2:11-cv-00019 (SRC)

On November 22, 2010, Monroe Center Development, LLC (“Monroe”) sued the City of Hoboken; Dawn Zimmer (Mayor); Carol March (President); Ravinder Bhalla (Vice-President); David Meilo (Council at Large); Theresa Castellano (Councilwoman 1st Ward); Elizabeth Mason (Councilwoman 2nd Ward); Michael Russo (Councilman 3rd Ward); Timothy Occhipinti (current Councilman 4th Ward); Mike Lenz (former Councilman 4th Ward); Peter Cunningham (Councilman 5th Ward); Angelo “Nino” Giacchi (Councilman 6th Ward); Council of the City of Hoboken; and Mayor and City Council of the City of Hoboken acting as Redevelopment Agency. In accordance with the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1, et seq., Monroe was designated by the City to develop a 5½ acre tract in Hoboken, which property had been the Levelor Blinds factory site, and which is also known as the Northwest Redevelopment Area.

Monroe was significantly behind schedule and seemingly without resources to complete the project. Monroe alleges the City’s August 11, 2010, termination of the Redevelopment Agreement between the City and Monroe violated the New Jersey Permit Extension Act, the New Jersey Open Public Meetings Act (OPMA), the New Jersey Redevelopment Act, the United States Bankruptcy Code, and the Plaintiff’s procedural due process rights in violation of 42 U.S.C. §1983. Plaintiff also alleges the City failed to “publically account for” Monroe’s alleged \$700,000 security deposit.

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

Monroe Center Development, LLC v. City of Hoboken, et al., United States District Court for the District of New Jersey, Civil Action No.: 2:11-cv-00019 (SRC), (continued)

Monroe seeks specific performance and damages. Monroe primarily seeks a declaration that the termination of its Redevelopment Agreement is void. Under the §1983 Count, however, Monroe does seek attorneys fees and compensatory damages. These damages could include compensation for money Monroe invested into the project, lost profit damages, and the return of the alleged security deposit. We are not aware of whether the City has submitted this claim for insurance coverage, and what the determination has been. We are filing our status reports solely with the City.

At the present time, the City has moved to dismiss the Complaint in lieu of filing an answer. The motion is returnable before the Honorable Stanley R. Chesler, U.S.D.J., on March 7, 2011. It is unlikely, however, that the Court will make a decision that day.

The City will vigorously defend the lawsuit. At the present time, however, as the Complaint was just recently filed and no discovery has been done, the ultimate outcome of this case and the amount of damages cannot be determined.

Munoz v. City of Hoboken, et al (Robert E. Levy, Esq.)

Plaintiff asserts that he was discriminated against because of his race and was subjected to a hostile work environment. These claims are covered by insurance except to the extent they are not found to be intentional torts. Additionally, there are claims for punitive damages which are not covered by insurance. We received a settlement demand from Plaintiff in the amount of \$500,000.00 inclusive of attorney's fees and costs. This demand was rejected and no counter-offer has been made. The parties have concluded fact discovery and are in the expert discovery phase. The Amended Complaint in this matter was filed on July 20, 2010. This law firm entered its appearance on behalf of former Chief LaBruno on September 7, 2010. The plaintiff alleges violations of 42 U.S.C. § 1981, 42 U.S.C. § 1983 and the New Jersey Law Against Discrimination. The plaintiff has alleged that a culture of racism existed in the Hoboken Police Department created by his then superior Lieutenant Angelo Andriani who was aided and abetted in such discriminatory treatment by Chief LaBruno. The case has not been assigned a trial date as yet. It was the subject of a settlement conference before Magistrate Judge Arleo. The plaintiff's final settlement demand to the City was \$60,000.00. The City's insurance carrier would not agree to pay that amount. The pretrial conference has not been scheduled. The case is not scheduled for trial at this time. There are no events scheduled within the next ninety days. If the matter is not settled, we would estimate that the plaintiff may conduct the deposition of Chief LaBruno, which he has not done to date. We would anticipate filing a Motion for Summary Judgment at the conclusion of that deposition.

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

Robotic v. Hoboken, et al. (Robert E. Levy, Esq. and Michael A. Cifelli, Esq.)

This matter had been settled with Robotics; however, Robotic filed a motion to reopen the litigation based upon Hoboken's failure to timely execute the agreed upon settlement agreement. We are advised that the proposed settlement agreement was approved by the Council at its recent meeting. This should hopefully enable the Robotics matter to be concluded. In turn, Hoboken settled the litigation between it and Unitronics. Unitronics sued Hoboken to recover over \$450,000 in counsel fees and costs that it claimed was due and owing pursuant to an agreement that was entered between Unitronics and Hoboken. The agreement provided the Hoboken would reimburse Unitronics for counsel fees and costs incurred by Unitronics due to the litigation filed by Robotic. Completion of the Settlement with Unitronics is contingent upon completion of the settlement between Robotic and Hoboken because only upon the conclusion of the Robotic litigation will Unitronics stop incurring litigation costs. Therefore, once the Robotic settlement is complete, the Unitronics matter will then be resolved. The total settlement in this case is \$540,000 to be paid by the City.

City of Hoboken v. 1200 Grand St. Condo Assoc. (8963.4620)

Bankruptcy Court Adversary Proceeding #09-1465 (Bkrcty Ct DNJ).

This is a separate law suit, originally filed in state court and removed to Bankruptcy Court. It is related to the Tarragon bankruptcies. Plaintiff sues, inter alia, the City for failure to take dedication of and to pay for the electricity used by certain street lights. Plaintiff asserts the following, as-yet unquantified, damages against the City: payment of electricity since in or about 2004; replacement of the non-conforming street lamps; and responsibility for all future payments of electricity to the street lamps. We have not been advised by the client that the claims are covered by insurance. The City has filed Cross-Claims against all Defendants and Third-Party Defendants, including the general contractor in this matter. The Bankruptcy Court complaint against the City has been voluntarily dismissed with prejudice. The City is now attempting to obtain dismissals of the various crossclaims filed by co-defendants against Hoboken.

SHG Urban Renewal v. City of Hoboken

This breach of contract claim was filed in or around August 20, 2010. SHG has bid to redevelop certain parcels of property within the City however were unable to conclude the deal due to, in part, to denial of their zoning and planning permits. SHG sought the return of their \$2.75MM deposit, which was being held in escrow, as well as attorneys' fees and costs. The matter was in its infancy stages as of December 31, 2010, however settled in August 2011 for the return of the \$2.75MM deposit. The City incurred no liability in this settlement.

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

Andreula v. City of Hoboken & Belfiore v. City of Hoboken

Eleven retired employees are seeking contract damages arising out of the City's early retirement incentive ("ERI") program which was instituted while the City was under a State fiscal monitor, but discontinued as it relates to the group of plaintiffs in this case. The consolidated trial begins Monday, November 7, 2011. Assuming a worst-case scenario, the City would be obligated to pay 3/5^{ths} of the \$600,000-\$700,000 in incentive payments owed to these individuals. Additionally, in the event the City is not successful, it is possible that the Pension Fund may assess another penalty against the City based upon the "shock" caused to system by the early retirements. Based on the amount of the prior fine, we are speculating that the amount of the fine would be in the \$1.5MM to \$2MM range.

Police and Fire Interest Arbitration

Both the Police and Fire unions filed for Compulsory Arbitration in April 2009. Based on the amount of back pay that was at issue for all represented employees, this matter clearly exceeded the materiality threshold amount. The police contract was settled in January of 2011 with a back pay liability of \$5MM. The Firefighters and Fire Officers have just recently settled their contract but it has yet to be ratified. Under the terms of the settlement, no back pay will be assessed against the City until Fiscal 2012.

Brigden v. City of Hoboken

Taxpayers filed suit against the City and its former zoning officer seeking the take down of construction of a home that intrudes upon their property line and/or loss of value. Plaintiffs interposed §1983 civil rights claims against the City based essentially on a negligence theory. The City was successful on its motion for summary judgment and plaintiffs appeal. As the offending property owner recently took down the offensive structure, plaintiffs have indicated that they may withdraw their appeal essentially ending the matter. However, as of December 31, 2010, the City faced a potential exposure in excess of \$150,000.

Tartaglia v. City of Hoboken

This matter was filed on or about November 16, 2010 in the Superior Court of New Jersey, Law Division, Hudson County under Docket No.: HUD-L-6038-10. The plaintiff is a retired firefighter who is seeking an additional year of vacation pay which is not allowed under the regulations of the Civil Service Commission. Therefore, we believe that plaintiff's claims are without merit. The amount in controversy is approximately \$108,434.00

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

Hudson Healthcare, Inc.

HHI is a Section 501(c)(3) not for profit corporation organized under the laws of the State of New Jersey, for the specific purpose of operating the Hoboken University Medical Center ("HUMC") pursuant to a Master Manager and Operator Agreement (the "Management Agreement") with the Hoboken Municipal Hospital Authority ("HMHA"), a municipal hospital authority, that owned substantially all of the assets associated with the operations of HUMC. As a result of, among other things, the existence of chronic operating losses, the curtailment of federal and state funding for HUMC and impending collection actions (or threats thereof) being taken by HHI's creditors, on August 1, 2011 HHI sought protection from its creditors under Chapter 11 of the United States Bankruptcy Code (Case No. 11-33014(DHS)). The City and the Hoboken Parking Utility were creditors of HHI, holding claims in the approximate amounts of \$903,638 (the City) and \$1,007,740 (the Parking Utility). In addition to being creditors of HHI, the City's financial interests in the HHI Chapter 11 case were implicated by virtue of the City having guaranteed certain bonds issued by HMHA in connection with its acquisition and operation of HUMC. As of the August 1, 2011 petition date in the HHI Chapter 11 case, the City's exposure on its guarantee of the HMHA bonds was approximately \$51 million, representing the projected net cost of defeasing such bonds.

During the pendency of the HHI Chapter 11 case, the Creditors Committee for HHI took the position that the HMHA was liable for the obligations of HHI (estimated to be in excess of \$35 million) and that in connection with a future liquidation and/or insolvency of HMHA, the City could be held responsible for all or certain of the unfunded obligations of HMHA (including a portion, if any, of the obligations that HMHA had or may have to HHI). In addition, both immediately prior to and during the pending of the HHI Chapter 11 case, individual creditors of HHI and HMHA, asserted the position that the City could or should be held legally responsible for the unpaid obligations of HHI and/or HMHA arising from or relating to the operations of HUMC.

In connection with its Chapter 11 case, HHI filed a Sale Motion (Docket No. 90)¹ pursuant to which it sought Bankruptcy Court approval of the sale of substantially all of its assets to HUMC Holdco, LLC ("Holdco") and HUMC Opco, LLL ("Opco" and collectively with Holdco, the "Purchaser"). The HHI sale to Purchaser was part of a larger transaction in which, by separate agreement, HMHA sought to sell substantially all of its assets to Purchaser. In addition, HHI filed a separate Settlement Motion (Docket No. 94) pursuant to which it sought Bankruptcy Court approval of a settlement agreement between HHI, HMHA and the City (on behalf of itself and the Parking Utility). As a result of further negotiations with the HHI Creditors Committee, the form of settlement agreement presented as part of the original Settlement Motion was revised to, among other things, make the HHI Creditors Committee a direct party thereto (such settlement agreement, as revised and dated as of October 5, 2011, the "Settlement Agreement").²

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

Hudson Healthcare, Inc., (continued)

Pursuant to an order of the Bankruptcy Court dated October 7, 2011 (the "Sale and Settlement Agreement Approval Order") (Docket No. 280) the Bankruptcy Court approved: (i) the sale of substantially all of HHI's assets to Purchaser; and (ii) the Settlement Agreement. Pursuant to paragraph 11 of the Settlement Agreement, the City and the Parking Utility are the beneficiaries of certain releases, injunctions and other protections against HHI creditor claims generally described in paragraph 11 of the Settlement Agreement and in paragraphs 83-87 of the Sale and Settlement Agreement Approval Order. As part of the Settlement Agreement, the City and the Parking Utility will not be receiving any distribution with respect to their claims against HHI. In addition, as part of the Settlement Agreement, the Parking Utility had delivered to the assignee of Purchaser, a Parking Access Agreement.³ The reader's attention is directed to the Settlement Agreement and the Sale and Settlement Agreement Approval Order for a more specific delineation of the scope of the releases, injunction and other protections against HHI creditor claims provided to the City and the Parking Utility thereunder.

The sale of HHI's assets and the related sale of HMHA's assets to Purchaser closed on November 4, 2011. We are informed, that the conditions to the effectiveness of the releases, injunctions and other protections in favor of the City and Parking Utility as described in the Settlement Agreement and the Sale and Settlement Agreement Approval Order were satisfied on November 7, 2011.

Tax Appeals

There were approximately 2,000 tax appeals filed in 2011. In addition, there are approximately 300 cases pending before the Tax Court. These cases, when resolved, will be paid by future taxation or reserve for tax appeals. The reserve for tax appeals at December 31, 2010 has a balance of \$1,759,236.

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.

CITY OF HOBOKEN
NOTES TO FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

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

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.

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, 2010 and December 31, 2009, was \$64,950. The aggregate amount due to HPA is \$2,295,166 and \$2,230,216 as of December 31, 2010 and December 31, 2009, respectively.

NOTE 14. RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

The City restated its financial statements to correct previous year's errors in reporting as follows:

Current Fund:

Fund Balance increased \$428,206 to correct a duplicate reserve for mortgage receivable.

NOTE 15. FUND BALANCES

Fund balances as of December 31, 2010 that have been anticipated as revenue in the 2011 budget is as follows:

Current Fund	\$9,585,000
Public Parking System Utility Operating Fund	\$3,972,791

NOTE 16. SUBSEQUENT EVENTS

On July 28, 2011, the City issued 2011 I-1 Tax-Exempt County-Guaranteed Notes through the Hudson County Improvement Authority local unit loan program in the amount of \$26,838,290 for the acquisition of the Department of Public Works Garage, improvements to parks and buildings, acquisition of real property, various road improvements, pier improvements and various capital improvements. The notes have an interest rate of 2.00% and mature August 17, 2012.

SUPPLEMENTARY DATA AND SCHEDULES

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	Six Months ended December 31, <u>2010</u>	Year ended June 30, <u>2010</u>	Year ended June 30, <u>2009</u>
<u>Tax Rate</u>	4.745	4.489	4.293
<u>Apportionment of Tax Rate</u>			
Municipal	2.042	1.957	1.791
County	1.504	1.356	1.292
Local School	1.199	1.176	1.210
<u>Assessed Valuation</u>			
Six Months ended December 31, 2010	\$3,035,024,800		
Year ended June 30, 2010		\$3,035,024,800	
Year ended June 30, 2009			\$2,996,113,900

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
Six Months ended December 31, 2010	\$74,507,882	\$70,225,717	94.25%
Year ended June 30, 2010	142,726,345	141,052,131	98.83
Year ended June 30, 2009	137,639,103	135,654,213	98.56

DELINQUENT TAXES AND TAX TITLE LIENS

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

	<u>Amount of Tax Title Lien</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent Taxes</u>	<u>Percentage of Tax Levy</u>
Six Months ended December 31, 2010	\$299,164	\$1,033,187	\$1,332,351	1.87%
Year ended June 30, 2010	296,562	243,678	540,240	0.38
Year ended June 30, 2009	337,094	379,661	716,755	0.52

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

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

	<u>Amount</u>
Six Months ended December 31, 2010	\$2,806,900
Year ended June 30, 2010	2,806,900
Year ended June 30, 2009	2,806,900

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Balance June 30,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund:		
Six Months Ended December 31, 2010	\$25,850,342	\$9,585,000
Fiscal Year Ended June 30, 2010	20,613,946	1,900,000
Fiscal Year Ended June 30, 2009	14,110,824	500,000
Fiscal Year Ended June 30, 2008	2,592,866	0
Fiscal Year Ended June 30, 2007	3,592,866	1,000,000
Parking Utility Operating:		
Six Months Ended December 31, 2010	\$4,008,783	\$3,972,791
Fiscal Year Ended June 30, 2010	1,917,298	131,000
Fiscal Year Ended June 30, 2009	1,312,680	300,000
Fiscal Year Ended June 30, 2008	311,607	100,000
Fiscal Year Ended June 30, 2007	586,358	400,000

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Surety Bond</u>
Dawn Zimmer	Mayor	
Peter Cunningham	Council President	
Theresa Castellano	Council Member	
Nino Giacchi	Council Member	
Elizabeth Mason	Council Member	
David Mello	Council Member	
Ravinder Bhalla	Council Member	
Michael Russo	Council Member	
Michael Lenz	Council Member	
Arch Liston	Business Administrator	
James J. Farina	City Clerk	
George DeStefano	Chief Financial Officer	
Sharon Curran	Tax Collector	\$750,000
Kimberly K. Glatt	Municipal Court Judge	
Cataldo Pazio	Municipal Court Judge	
Roseann Gohde	Municipal Court Administrator	
Michael Mongiello, Matthew Connelly	Municipal Prosecutors	

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

CITY OF HOBOKEN, N.J.

Cash Receipts and Disbursements - Treasurer

Current Fund

Six Months Ended Decemeber 31, 2010

	Current <u>Fund</u>	Federal and State Grant <u>Fund</u>
Balance June 30, 2010	\$ 20,354,290	1,725,265
Increased by Receipts:		
Tax Collector	70,225,717	
Miscellaneous Revenue Not Anticipated	871,991	
Interfunds Received	484,552	
Due From State of New Jersey	44,250	
Consolidated Municipal Property Tax Relief Aid		
Revenue Accounts Receivable	24,193,056	
Tax Title Lien	893	
Received from Hoboken Library	6,244	
Tax Overpayments	168,164	
Various Reserves	23,589	
Unappropriated Reserves for Grants		23,013
State and Federal Grants Receivable		611,293
	<hr/>	<hr/>
	96,018,456	634,306
	<hr/>	<hr/>
	116,372,746	2,359,571
Decreased by:		
Current Year Budget Appropriations	40,801,502	
Appropriation Reserves	3,507,120	
Tax Overpayments	323,322	
County Taxes Payable	25,793,008	
Revenue Refunds	1,620	
Local District School Taxes	18,360,000	
Various Reserves	32,905	
Interfunds	333,283	
Appropriated Reserves for Grants		730,763
Expenditure without Appropriation		26,320
	<hr/>	<hr/>
	89,152,760	757,083
	<hr/>	<hr/>
Balance December 31, 2010	\$ <u>27,219,986</u>	<u>1,602,488</u>

CITY OF HOBOKEN, N.J.

Schedule of Cash - Change Fund

Current Fund

Six Months Ended December 31, 2010

Balance June 30, 2010	\$	1,050
Increased by: Disbursement		<u>650</u>
Balance December 31, 2010	\$	<u><u>1,700</u></u>
<u>Analysis of Balance</u>		
Tax Collector	\$	<u><u>1,700</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

Six Months Ended December 31, 2010

Balance June 30, 2010	\$ 45,402
Increased by:	
Senior Citizens' Deductions Per Tax Billing	<u>26,000</u>
	71,402
Decreased by:	
State Share of Senior Citizens and Veteran Deductions Received in Cash	<u>44,250</u>
Balance December 31, 2010	<u><u>\$ 27,152</u></u>

CITY OF HOBOKEN, N.J.

**Schedule of Amount Due from/(to) State of New Jersey
for Qualified Bond Aid**

Balance June 30, 2010	\$
Increased by:	
Qualified Bond Aid	<u>3,864,300</u>
Balance December 31, 2010	<u><u>\$ 3,864,300</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Mortgage Receivable

Current Fund

Six Months Ended December 31, 2010

Balance June 30, 2010	\$ 428,206
Increased by:	
Miscellaneous	<u>700</u>
	428,906
Decreased by:	
Raised in 2010	<u>58,564</u>
Balance December 31, 2010	<u><u>\$ 370,342</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Six Months Ended December 31, 2010

Period	Balance, June 30, 2010	Levy	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2010
			SFY 2010	TY 2010				
SFY 2008	759						759	
SFY 2009	55,133						55,133	
SFY 2010	187,786			158,611			29,175	
	243,678			158,611			85,067	
TY 2010		74,507,882		70,225,717	26,000	3,495	948,120	
	\$ 243,678	74,507,882		70,384,328	26,000	3,495	1,033,187	

Analysis of Tax Levy

Tax yield:	
General Purpose Tax	\$ 72,179,335
Added/Omitted Taxes	2,328,547
	<u>\$ 74,507,882</u>

Tax Levy:	
Local District School Tax	\$ 18,380,872
County Tax	\$ 25,793,008
County Added and Omitted Taxes	735,483
	<u>26,528,491</u>
	44,909,363

Local Tax for Municipal Purposes	28,511,860
Additional Taxes	1,086,659
	<u>29,598,519</u>
	<u>\$ 74,507,882</u>

CITY OF HOBOKEN, N.J.

Schedule of Tax Title Liens

Current Fund

Six Months Ended December 31, 2010

Balance June 30, 2010	\$	296,562
Increased by:		
Transfers from Taxes Receivable		<u>3,495</u>
		300,057
Decreased by:		
Cash Receipt		<u>893</u>
Balance December 31, 2010	\$	<u><u>299,164</u></u>

Schedule of Property Aquired for Taxes

Current Fund

Six Months Ended December 31, 2010

Balance June 30, 2010	\$	<u>2,806,900</u>
Balance December 31, 2010	\$	<u><u>2,806,900</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Water Liens Receivable

Current Fund

Six Months Ended December 31, 2010

Balance June 30, 2010	\$ <u>36,499</u>
Balance December 31, 2010	\$ <u><u>36,499</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Six Months Ended December 31, 2010

<u>Source</u>	<u>Balance June 30, 2010</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2010</u>
Licenses and Fees:				
Other	\$	42,106	42,106	
Fees and Permits		80,622	80,622	
Zoning Board of Adjustment Fees		44,090	44,090	
Rent Leveling Fees		17,263	17,263	
Fines and Costs:				
Municipal Court	395,833	2,650,381	2,664,010	382,204
Parking Tax		540,966	540,966	
Interest on Investments and Deposits		42,214	42,214	
Rents on City Owned Property		18,810	18,810	
SJP Properties - Block A-Phase I		535,992	535,992	
SJP Properties - Block A-Phase II		535,992	535,992	
Applied Development Co. - South Waterfront - Block C		617,536	617,536	
1300 Grand Street (Pilot Payment)		378,116	378,116	
Clocktowers		72,570	72,570	
Marion Towers Associates		89,654	89,654	
Church Towers Urban Renewal		237,185	237,185	
Columbian Towers		58,216	58,216	
Columbian Arms		13,034	13,034	
Hudson Square North		61,026	61,026	
Willow Avenue Associates - 800 - 812 Willow Avenue		18,496	18,496	
1200 Grand Street		504,120	504,120	
Applied Housing - 1203-1219 Willow Avenue		153,570	153,570	
Applied Housing - 1201-1221 Washington Estates		232,554	232,554	
Applied Housing - 1200-1220 Hudson Estates		267,706	267,706	
Applied Housing - 1301-1309 Bloomfield Estates		80,932	80,932	
Applied Housing - Midway 500-508 Adams Street		136,176	136,176	
Applied Housing - Elysian Estates		39,740	39,740	
Applied Housing - Church Square		69,704	69,704	
Applied Housing - Eastview Associates		60,086	60,086	
Applied Housing - Westview Associates		96,972	96,972	
Applied Housing - Northvale I - 911-923 Clinton Street		230,406	230,406	
Applied Housing - Northvale II - 901-919 Clinton Street		201,200	201,200	
Applied Housing - Northvale IIIA		39,483	39,483	
Applied Housing - Northvale III B - 1106-1014 Clinton Street		51,105	51,105	
Applied Housing - Northvale IV - 58 11th Street		8,832	8,832	
1100 Adams Street		284,733	284,733	
Parking Utilities Surplus		1,750,000	1,750,000	
Legislative Initiative Municipal Grant Block		4,993,985	4,993,985	
Consolidated Municipal Property Tax Relief Aid		6,112,576	6,112,576	
Uniform Construction Code Fees		415,281	415,281	
Hoboken Housing Authority - Public Safety		406,175	406,175	
Over Limit/Under Arrest		4,400	4,400	
Pedestrian Safety Grant		15,000	15,000	
Housing Inspection Program		100,000	100,000	
Body Armor Replacement Fund		12,642	12,642	
Afterschool Initiative Grant		30,000	30,000	
Alcohol Education Rehabilitation		2,208	2,208	

CITY OF HOBOKEN, N.J.
Schedule of Revenue Accounts Receivable
Current Fund
Six Months Ended December 31, 2010

<u>Source</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Hoboken 9-11 Memorial on Pier Park		250,000	250,000	
Recycling Tonnage Grant		25,021	25,021	
NJ Forest Service Business Stimulus Fund		6,500	6,500	
Summer Food Program		31,374	31,374	
County of Hudson CDBG		562,000	562,000	
Justice Assistance Grant		20,858	20,858	
Safer Grant		54,434	54,434	
Over Limit/Under Arrest		5,000	5,000	
Clean Communities		34,302	34,302	
Save the Youth		325,000	325,000	
Clean Energy Program		246,642	246,642	
State Library Aid		264,441	264,441	
	<u>\$ 395,833</u>	<u>24,179,427</u>	<u>24,193,056</u>	<u>382,204</u>

CITY OF HOBOKEN, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Current Fund

Six Months Ended December 31, 2010

<u>Fund</u>	Balance June 30, 2010	<u>Increases</u>	<u>Decreases</u>	Balance Dec. 31, 2010
Federal and State Grant Fund	\$ 2,594			2,594
Trust Funds:				
Other Trust		91,332		(91,332)
O&M Trust Loan	(124,297)		23,589	(100,708)
County of Hudson Open Space	460,963			460,963
Hoboken Library	6,244	6,244		
Parking Operating Fund			309,694	309,694
General Capital Fund		1,883,930		(1,883,930)
	<u>345,504</u>	<u>1,981,506</u>	<u>333,283</u>	<u>(1,302,719)</u>
Interfund Receivable	469,801			773,251
Interfund Payable	<u>(124,297)</u>			<u>(2,075,970)</u>
	<u>\$ 345,504</u>			<u>(1,302,719)</u>

Analysis of Changes

Receipts	\$ 6,244	
Disbursements		333,283
Appropriations	<u>1,975,262</u>	
	<u>\$ 1,981,506</u>	<u>333,283</u>

CITY OF HOBOKEN, N.J.

Schedule of Deferred Charges

Current Fund

Six Months Ended December 31, 2010

Description	Balance <u>June 30, 2010</u>	Added	Raised in 2010 <u>Budget</u>	Balance <u>Dec. 31, 2010</u>
Current Fund:				
Overexpenditure of Appropriations	\$ 8,096,962		1,619,392	6,477,570
Emergency Appropriations		335,000		335,000
Federal and State Grant Fund:				
Expenditures without Appropriations	<u>135,154</u>	<u>26,320</u>		<u>161,474</u>
	<u>\$ 8,232,116</u>	<u>361,320</u>	<u>1,619,392</u>	<u>6,974,044</u>

CITY OF HOBOKEN, N.J.

Schedule of June 30, 2010 Appropriation Reserves

Current Fund

Six Months Ended December 31, 2010

	Balance, June 30, 2010	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
General Government:				
Mayor and Council				
Salaries and Wages	313	313		313
Other Expenses	53	189	111	78
City Council				
Salaries and Wages	2,641	2,641		2,641
Other Expenses	273	4,284		4,284
Office of the Clerk				
Salaries and Wages	2,096	2,096		2,096
Other Expenses	15,814	7,128	3,440	3,688
Other Expenses - Legal Advertising	3,173	19,647	17,892	1,755
Other Expenses - Codification of Ordinances	8,702	8,702		8,702
Salaries and Wages - Elections	9,095	9,095		9,095
Other Expenses - Elections	8,043	16,688	8,645	8,043
Department of Administration				
Business Administrator's Office				
Salaries and Wages	3	3		3
Other Expenses	2,876	113,633	75,037	38,596
Purchasing				
Salaries and Wages	2,248	2,248		2,248
Other Expenses	421	421		421
Licensing Bureau				
Salaries and Wages	1,840	1,840		1,840
Other Expenses	4,703	4,703		4,703
Personnel and Health Benefits				
Salaries and Wages	636	636		636
Other Expenses	1,658	1,658		1,658
Zoning and Administration				
Salaries and Wages	1,135			
Other Expenses	8,951			
Uniform Construction Code				
Salaries and Wages	1,051	1,051		1,051
Other Expenses	29,454	32,041	2,616	29,425
Corporation Council				
Salaries and Wages	40,038	40,038		40,038
Other Expenses	18,428	35,587	15,959	19,628
Other Expenses - Special Council	7,112	162,528	154,912	7,616
Other Expenses - Expert Witness & Appraisal	9,700	9,700		9,700
Revenue and Finance Director				
Salaries	17,492	17,492		17,492
Other Expenses	1,844	21,904	11,876	10,028
Annual Audit				
Other Expenses	4,525	4,525	3,000	1,525
Tax Collections				
Salaries and Wages	5,254	5,254		5,254
Other Expenses	8,801	22,077	7,902	14,175
Information Technology				
Salaries and Wages	3,788	3,788		3,788
Other Expenses	11,900	12,592	692	11,900
Municipal Court				
Salaries and Wages	21,489	21,489		21,489
Other Expenses	21,617	34,150	23,718	10,432
Public Defender				
Salaries and Wages	62	62		62
Other Expenses	1,200	3,050	1,600	1,450
Office of the Tax Assessor				
Salaries and Wages	3,285	3,285		3,285
Other Expenses	473	973	500	473
Department of Human Services				
Director's Office				
Salaries and Wages	3,814	3,814		3,814
Other Expenses	318	344		344
Rent Leveling				
Salaries and Wages	5,163	5,163		5,163

CITY OF HOBOKEN, N.J.

Schedule of June 30, 2010 Appropriation Reserves

Current Fund

Six Months Ended December 31, 2010

	Balance, June 30, <u>2010</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses	2,385	47,047	25,000	22,047
Housing Inspections				
Salaries and Wages	483	483		483
Other Expenses	556	630	74	556
Health				
Salaries and Wages	31,878	35,159		35,159
Other Expenses	7,561	47,246	25,495	21,751
Senior Citizens				
Salaries and Wages	28,670	28,670	700	27,970
Other Expenses	61,857	64,212	2,447	61,765
Recreation and Cultural Affairs				
Salaries and Wages	32,103	32,103	350	31,753
Other Expenses	24,005	28,726	14,070	14,656
Cultural Affairs				
Salaries and Wages	21,917	21,917		21,917
Department of Environmental Services				
Director's Office				
Salaries and Wages	2,273	2,273		2,273
Other Expenses	667	1,232	352	880
Parks				
Salaries and Wages	6,431	6,431		6,431
Other Expenses	14,700	20,741	15,256	5,485
Public Property				
Salaries and Wages	3	3		3
Other Expenses	7,378	46,638	35,338	11,300
Streets and Roads				
Salaries and Wages	53	53		53
Other Expenses	21,869	27,513	27,345	168
Central Garage				
Salaries and Wages	1,059	1,059	700	359
Other Expenses	3,561	24,554	19,382	5,172
Sanitation				
Salaries and Wages	46	46		46
Other Expenses	200,412	531,578	519,117	12,461
Department of Community Development				
Director's Office				
Salaries and Wages	5,612	5,612		5,612
Other Expenses	16,848	72,819	32,572	40,247
Grants Management				
Salaries and Wages	1,000	1,000		1,000
Planning Board				
Salaries and Wages	1,135	1,135		1,135
Other Expenses	15,669	18,412	2,819	15,593
Zoning Board of Adjustment				
Other Expenses	27,802	12,321	2,099	10,222
Redevelopment				
Other Expenses	57,468	204,064	151,924	52,140
Historical Preservation Committee				
Other Expenses	382	382		382
Department of Public Safety				
Police				
Salaries and Wages	487,836	487,836		487,836
Other Expenses	57,824	91,590	46,709	44,881
Fire				
Salaries and Wages	314,357	314,357		314,357
Other Expenses	59,715	85,732	70,247	15,485
Office of Emergency Management				
Salaries and Wages	372	1,650		1,650
Other Expenses	504	1,156	652	504
Insurance				
General Liability	74,394	181,394	180,690	704
Worker's Compensation	9,738	232,172	226,898	5,274
Employee Group Health	469,498	677,427	591,147	86,280

UNCLASSIFIED:

CITY OF HOBOKEN, N.J.

Schedule of June 30, 2010 Appropriation Reserves

Current Fund

Six Months Ended December 31, 2010

	Balance, June 30, 2010	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Alcoholic Beverage Control Board				
Salaries and Wages	46	46		46
Other Expenses	1,558	1,658		1,658
North Hudson Regional Council of Mayors				
Other Expenses	72	72		72
Settlement of Claims Against the City	6,476	8,524	1,024	7,500
Towing/Storage of Abandoned Vehicles	4,555	5,415	1,235	4,180
Engineering	26			
Labor Arbitrations	48,560	164,426	126,908	37,518
Municipal Dues and Memberships	291	611	320	291
Celebration of Public Events	8,454	8,454		8,454
Postage	21,492	44,163	22,671	21,492
Office Machines	18,021	19,093		19,093
Stationary and Office Supplies	23,702	34,593	11,381	23,212
Tax Maps	140,000	140,000	140,000	
Utilities:				
Electricity	59,051	92,322	69,787	22,535
Street Lighting	73,554	126,674	105,524	21,150
Gasoline	180	24,769	24,589	180
Fuel	6,154	6,154		6,154
Water and Sewer	13,497	13,619	13,366	253
Communications	33,299	70,688	62,834	7,854
Telecommunications Equipment	731	2,371	2,053	318
Master Plan	3,363	56,700	40,000	16,700
Anticipated Terminal Leave Appropriation	55,324	62,424	7,100	55,324
Total Operations within "CAPS"				
STATUTORY EXPENDITURES:				
Contribution to:				
Social Security System (O.A.S.I.)	302,253	302,254	302,254	
Consolidated Police and Firemen's Pension Fund	1	1		1
Public Employees Retirement System	202,857	202,856	19,366	183,490
Unemployment Compensation Insurance	84,602	119,642	43,365	76,277
Operations - Excluded from "CAPS"				
Matching Funds for Grants	29,934			
Capital Improvements-Excluded from "CAPS"				
Down Payments on Improvements	150,000	150,000	150,000	
Emergency Repairs to Sinatra Park Soccer Field	38,138	38,138		38,138
Computer Technology Updates	25,136	57,128	44,060	13,068
Total Expenditures	\$ 3,712,830	5,747,000	3,507,120	2,239,880
Appropriation Reserves\$	3,712,830			
Encumbrances		2,034,170		
		\$ 5,747,000		

CITY OF HOBOKEN, N.J.
Schedule of Promissory Note - H.C.I.A.
Current Fund
Six Months Ended December 31, 2010

Balance June 30, 2010	\$	428,906
Decreased by:		
Funded in 2010		58,564
Balance December 31, 2010	\$	370,342

Schedule of County Taxes Payable
Current Fund
Six Months Ended December 31, 2010

Balance June 30, 2010	\$	
Increased by:		
Levied		26,528,491
		26,528,491
Decreased by:		
Cash Disbursements		25,793,008
Balance December 31, 2010	\$	735,483

CITY OF HOBOKEN, N.J.
Schedule of Tax Overpayments
Current Fund
Six Months Ended December 31, 2010

Balance June 30, 2010	\$	323,322
Increased by:		
Collections		168,164
		491,486
Decreased by:		
Refunds		323,322
Balance December 31, 2010	\$	168,164

CITY OF HOBOKEN, N.J.

Schedule of Local District School Taxes Payable

Current Fund

Six Months Ended December 31, 2010

Balance June 30, 2010	\$	9
Increased by:		
Levy		<u>18,380,872</u>
		18,380,881
Decreased by:		
Payments		<u>18,360,000</u>
Balance December 31, 2010	\$	<u><u>20,881</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Various Reserves

Current Fund

Six Months Ended December 31, 2010

<u>Program</u>	Balance, June 30, 2010	Increased by	Decreased by	Balance, Dec. 31, 2010
Ragamuffin Parade	\$ 7,306			7,306
Tax Appeals		1,792,141	32,905	1,759,236
Reserve for Retroactive Pay	1,408,303	802,194		2,210,497
911 Relief Fund	49,248			49,248
D.A.R.E.	8,964			8,964
Sinatra Park	23,241			23,241
Public Assistance	8,714			8,714
PILOT - County Share	67,077			67,077
Other	1,029	23,589		24,618
Detention Center	1,280			1,280
Master Plan	113,268			113,268
	<u>\$ 1,688,430</u>	<u>2,617,924</u>	<u>32,905</u>	<u>4,273,449</u>
Receipts		23,589		
Disbursements			32,905	
Appropriations		<u>2,594,335</u>		
		<u>2,617,924</u>	<u>32,905</u>	

CITY OF HOBOKEN, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Six Months Ended December 31, 2010

	Balance, June 30, <u>2010</u>	2010 Budget Revenue <u>Realized</u>	<u>Collections</u>	Balance, December 31, <u>2010</u>
Click it Or Ticket	\$ 400			400
Roadway Improvements 2006	17,886			17,886
Public Health Priority Funding	58,796			58,796
State Cooperative Housing Inspection	2,990			2,990
NFL Youth Football Grant	4,000			4,000
Roadway Improvements 8th Street	15,730			15,730
Recycling Tonnage	98,130			98,130
1118 Adams Street Urban Renewal	45,000			45,000
Save the Youth Grant	955		955	
Hazardous Discharge Site	19,893			19,893
Home Support and Adult Daycare	31,058			31,058
Home Support and Adult Daycare	88,807			88,807
Multi Service Center Replacement	150,000			150,000
Child Care Services	150,000			150,000
Family Planning Services	20,000			20,000
United Cerebral Palsy	2,000			2,000
City Recreation Program	10,000			10,000
Recycling Tonnage	80,016			80,016
State Aid Highway Street School District	113,000			113,000
Clean Communities - 2008	80,455			80,455
1600 Park Ave Development	300,000			300,000
Smart Growth Planning	15,000			15,000
Public Health Priority Funding	15,974			15,974
Summer Food Program	8,224			8,224
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 OF HOBOKEN, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Six Months Ended December 31, 2010

	Balance, June 30, <u>2010</u>	2010 Budget Revenue <u>Realized</u>	<u>Collections</u>	Balance, December 31, <u>2010</u>
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	121,122			121,122
Save the Youth	50,008		50,008	
Clean Energy Program	41,692			41,692
Jubilee Center	50,000			50,000
Over Limit/Under Arrest	5,000			5,000
2009 Pedestrian Safety/Walk Safe	800			800
Senior Emergency Funds	2,583			2,583
Home Support and Adult Daycare	127,000		51,373	75,627
State Local Cooperative Housing Inspection Program	49,000			49,000
NJDOT 2010 Aid Program Various Streets	460,531		294,937	165,594
United Cerebral Palsy	2,000			2,000
NJDOT-Safe Streets to Transit	80,000		55,965	24,035
Body Armor Replacement Fund	4,309			4,309
NJEDA Hazardous Site Remediation	29,387			29,387
Walk Safe Hoboken Pedestrians	1,400		1,400	
Clean Communities	12,084			12,084
NJ Dept of Health H1N1	58,644		1,890	56,754
Justice Assistance Grant	82,531			82,531
Municipal Alliance (County Share)	6,789		4,987	1,802
Hudson County Open Space 1600 Park Ave	300,000			300,000
Hudson County Cultural and Heritage	1,184			1,184
Energy Efficient Block Grant	119,308			119,308
Over Limit/Under Arrest	5,000		5,000	
Homeland Security Safer Grant	42,491			42,491
Justice Assistance Grant	20,015			20,015
NJ Body Armor		12,642	12,642	
Pal of NJ, Juvenile Justice Program: FY'09/10 Afterschool		30,000	10,372	19,628
Edward Byrne Memorial Jag (2010)		20,858		20,858
US Dept of Homeland Security: Safer Grant		54,434	54,434	
Alcohol Education/Rehabilitation 2009		955	955	
Alcohol Education/Rehabilitation 2008		1,253	1,253	
Hoboken 911 Memorial on Pier		250,000		250,000
Over Limit/Under Arrest		4,400	4,400	
Recycling Tonnage		25,021		25,021
Business Stimulus Fund Grant		6,500		6,500
Summer Food Program		31,374	31,206	168

CITY OF HOBOKEN, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Six Months Ended December 31, 2010

	Balance, June 30, <u>2010</u>	2010 Budget Revenue <u>Realized</u>	<u>Collections</u>	Balance, December 31, <u>2010</u>
CDBG - 2010		562,000		562,000
FY11 Pedestrian Safety Education and Enforcement		15,000		15,000
State Local Cooperative Housing Inspection Program		100,000	31,724	68,276
Holiday Yr End Statewide Crackdown		5,000		5,000
	<u>\$ 3,364,995</u>	<u>1,119,437</u>	<u>613,501</u>	<u>3,870,931</u>
		Received	611,293	
Transfer from Unappropriated Reserves			<u>2,208</u>	
			<u>\$ 613,501</u>	

CITY OF HOBOKEN, N.J.

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Six Months Ended December 31, 2010

<u>Program</u>	Balance, June 30, <u>2010</u>	<u>Received</u>	Anticipated Revenue in <u>2010</u>	Balance, December 31, <u>2010</u>
Alcohol Education and Rehab	\$ 2,208		2,208	
Senior Emergency Funds	3,059			3,059
Public Health Priority Funding	17,727			17,727
Bullet Proof Vest	14,377			14,377
Adult Day Care	27,055			27,055
Summer Food Program	25,728			25,728
Over the Limit Under Arrest	4,700			4,700
Domestic Violence	1,250			1,250
Public Health Care	5,291			5,291
Public Healthcare Management Caregivers	118,921			118,921
Walk Safe Hoboken Pedestrians	8,000			8,000
Comp Prog Elderly	674			674
Clean Communities	97,388			97,388
Cultural Affairs/Tourism	7,680			7,680
Fire Department Grant	47,439			47,439
Bullet Proof Vest		5,132		5,132
Save the Youth		17,881		17,881
	<u>\$ 381,497</u>	<u>23,013</u>	<u>2,208</u>	<u>402,302</u>

CITY OF HOBOKEN, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Federal and State Grant Fund

Six Months Ended December 31, 2010

	Balance, June 30, <u>2010</u>	Balance, December 31, <u>2010</u>
Current Fund	\$ <u>2,594</u>	<u>2,594</u>

CITY OF HOBOKEN, N.J.
 Schedule of Appropriated Reserves for Grants
 Federal and State Grant Fund
 Six Months Ended December 31, 2010

Grant	Balance, June 30, 2010	2010 Grants Budgeted	Expenditures	Balance, Dec. 31, 2010
Section 8 Housing Assistant Admin	125,000			125,000
Walk Safe Pedestrian Grant	1,379			1,379
Roadway improvements 8th Street	37,478			37,478
Save the Youth Grant	3			3
NJ 2007 Body Armor Replacement Grant	3,098			3,098
Clean Communities 2006	6			6
NJ Youth Football Grant	8,000			8,000
Roadway Improvements 2006	191,779		13,000	178,779
Roadway Improvements 2007	240,335			240,335
NJDCA Urban Renewal 1118 Adams Street	45,000			45,000
NJ Hazardous Discharge	3,687			3,687
Hudson County Open Space Grant	1			1
Hazmat Donations	36,616			36,616
Home Support and Adult Daycare	66,482			66,482
Home Support and Adult Daycare	210,225			210,225
Multi Service Center Replacement	150,000			150,000
Child Care Services	150,000			150,000
Family Planning Services	20,000			20,000
United Cerebral Palsy	2,000			2,000
City Recreation Program	10,000			10,000
Recycling Tonnage	133,647			133,647
Body Amor Replacement Fund	1			1
Alcohol Education and Rehab	18,224			18,224
COPS in School	22,800			22,800
Body Amor Replacement Fund	5,763			5,763
State Forestry Green Community Grant	2,000			2,000
Adult Day Care	10,861			10,861
Drunk Driving Enforcement Grant	10,624			10,624
Drunk Driving Enforcement Grant	5,142			5,142
Downtown Revitalization Program	125,555			125,555
Public Healthcare Management Caregivers	90,893			90,893
Summer Food Program	6,274			6,274
Computer Program for the Elderly - DYFS	40,000			40,000
Clean Communities - 2007	5,169			5,169
12 Street Project and 20001 Clinton Street	18,497			18,497
2005 Roadway Improvement Project	114,926			114,926
State Aid Highway Hudson Place 2003	32,585			32,585
State Aid Highway Hudson Place 2004	19,144			19,144
State Aid Highway Street School District	125,551			125,551
Fire Department Grant	36,000			36,000
Clean Communities 2008	28,197			28,197
1600 Park Ave Development	300,000			300,000
Smart Growth Planning	60,000			60,000
Senior Emergency Funds	2,946		101	2,845
2008 Pedestrian Safety Walk Safe	941			941
Public Health Priority Funding	5,835		5,644	191
Summer Food Program	5,358		536	4,822
Home Support and Adult Day Care	25,400			25,400
Multi Service Center Roof Replacement	200,000			200,000
Child Care Services	100,000			100,000
Family Planning Services	20,000			20,000

CITY OF HOBOKEN, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Six Months Ended December 31, 2010

<u>Grant</u>	Balance, June 30, 2010	2010 Grants Budgeted	Expenditures	Balance, Dec. 31, 2010
United Cerebral Palsy	2,000			2,000
City Recreation Program	10,000			10,000
Click it or Ticket	4,000			4,000
Body Armor Replacement Fund	7,267		1,137	6,130
Walk Safe Hoboken Pedestrians	3,600			3,600
Clean Communities	36,920		9,099	27,821
Clean Communities	11,004			11,004
2008 Roadway Improvement Project	64,305			64,305
Save the Youth	52,943		50,172	2,771
Jubilee Center	50,000			50,000
Over Limit/Under Arrest	200			200
2009 Pedestrian Safety/Walk Safe	90,905			90,905
Bullet Proof Vest Partnership	8,883		8,883	
Home Support and Adult Day Care	57,600		57,600	
NJDOT 2010 Aid Program Various Streets	448,058		40,178	407,880
United Cerebral Palsy	2,000			2,000
NJDOT-Safe Streets to Transit	80,000			80,000
Drunk Driving Enforcement Grant	5,942			5,942
Body Armor Replacement Fund	4,309		245	4,064
NJEDA Hazardous Site Remediation	313,327		282,448	30,879
Walk Safe Hoboken Pedestrians	4,000			4,000
Clean Communities	58,198		1,398	56,800
Clean Communities	12,084			12,084
NJ Dept of Health H1N1	81,474		14,204	67,270
Hepatitis B	4,705			4,705
Justice Assistance Grant	82,531		82,531	
Municipal Alliance (County Share)	21,850		21,850	
NJ Health Officers Association	300			300
Hudson County Open Space Grant 1600 Park Ave	268,481		15,844	252,637
Energy Efficient Block Grant	161,000			161,000
Justice Assistance Grant	20,015		20,015	
NJ Body Armor		12,642		12,642
Pal of NJ, Juvenile Justice Program: FY'09/10 Afterschool		30,000	6,640	23,360
Edward Byrne Memorial Jag 2010		20,858		20,858
US Dept. of Homeland Security:Safer Grant		54,434	54,434	
Alcohol Education and Rehab 2009		955		955
Alcohol Education and Rehab 2008		1,253	1,200	53
Hoboken 911 Memorial on Pier		250,000	8,181	241,819
Over Limit/Under Arrest		4,400	4,400	
Recycling Tonnage		25,021		25,021
Business Stimulus Fund Grant		6,500		6,500
Summer Food Program		31,374	31,023	351
CDBG 2010		562,000		562,000
FY11 Pedestrian Safety Education and Enforcement		15,000		15,000
State Local Cooperative Housing Inspection		100,000		100,000
Holiday Year End Statewide Crackdown		5,000		5,000
	<u>\$ 4,841,323</u>	<u>1,119,437</u>	<u>730,763</u>	<u>5,229,997</u>

CITY OF HOBOKEN

Schedule of Cash - Treasurer

Trust Funds

Six Months ended December 31, 2010

	Animal License Fund	Other Trust Funds	Section 8 - Housing Assistance Program
Balance - June 30, 2010	\$ <u>13,377</u>	<u>7,785,954</u>	<u>1,019,199</u>
Increased by:			
Animal License Fees	1,588		
Due to State of New Jersey -			
Dog License Fees	347		
Marriage Licenses		6,275	
Burial Permits		25	
Construction Code DCA Fees		30,539	
Various Reserves		2,734,699	
Interfund - Current Fund		23,589	
Community Development Block Grant Receipts			81,100
Reserve for Section 8 - Housing Assis. Program Interest			6
	<u>1,935</u>	<u>2,795,127</u>	<u>81,106</u>
	<u>15,312</u>	<u>10,581,081</u>	<u>1,100,305</u>
Decreased by:			
Reserve for Animal License Expenditures	426		
Due to State of New Jersey		79,777	
Various Reserves		2,709,523	
Community Development Block Grant Disbursements			239,636
Section 8 - Housing Assistance Program			128,924
	<u>426</u>	<u>2,789,300</u>	<u>368,560</u>
Balance - December 31, 2010	\$ <u><u>14,886</u></u>	<u><u>7,791,781</u></u>	<u><u>731,745</u></u>

CITY OF HOBOKEN

Schedule of Reserve for Expenditures -
Animal License Fund

Trust Funds

Six Months ended December 31, 2010

Balance - June 30, 2010	\$ 12,589
Increased by:	
Dog license fees	<u>1,588</u>
Balance - December 31, 2010	<u>\$ 14,177</u>

License Fees Collected

2010	8,357
2009	<u>9,860</u>
	<u>\$ 18,217</u>

CITY OF HOBOKEN

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

Trust Funds

Six Months ended December 31, 2010

Balance - June 30, 2010	\$ 788
Increased by:	
2010 Fees Collected	<u>347</u>
	1,135
Decreased by:	
Payments to State of New Jersey	<u>426</u>
Balance - December 31, 2010	<u><u>\$ 709</u></u>

CITY OF HOBOKEN

Schedule of Due to State of New Jersey
Trust Funds

Six Months ended December 31, 2010

	Due to/(from) Balance <u>6/30/2010</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>12/31/2010</u>
Marriage Licenses	\$ 26,362	6,275	30,287	2,350
Burial Permits	40	25	50	15
Construction Code DCA Fees	<u>71,069</u>	<u>30,539</u>	<u>49,440</u>	<u>52,168</u>
	<u>97,471</u>	<u>36,839</u>	<u>79,777</u>	<u>54,533</u>
Cash Receipts		36,839		
Cash Disbursements			<u>79,777</u>	
		<u>36,839</u>	<u>79,777</u>	

CITY OF HOBOKEN

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

Six Months ended December 31, 2010

Balance - June 30, 2010	\$ 124,297
Increased by:	
Budget Appropriations	<u>91,332</u>
	215,629
Decreased by:	
Receipts	<u>23,589</u>
Balance - December 31, 2010	<u><u>\$ 192,040</u></u>

CITY OF HOBOKEN

Schedule of Miscellaneous Reserves

Trust Funds

Six Months ended December 31, 2010

	Balance, June 30, <u>2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2010</u>	Over- expenditures
Reserve for:					
CD's Cultural Affairs	\$ 511			511	
150th Anniversary	10,145			10,145	
Community Resource Account	27,447			27,447	
Cultural Affairs Account	317,532	124,330	75,167	366,695	
Hurricane Relief Fund	501			501	
Police Outside Employment	105,602	490,000	554,221	41,381	
Hoboken PAL	8,728	19,540	21,774	6,494	
Hoboken PAL Hockey	2			2	
Police 5K Run		550	9,345		8,795
OEP Investment	35,153			35,153	
Police Department Investigation	1,001			1,001	
Police Memorial Fund	90,043			90,043	
Girls Softball League	81			81	
Fire-Turkeys	7			7	
Sept. 11th Memorial Fund	10,153			10,153	
Shade Tree Commission	1			1	
Unclaimed Bail	30,877		250	30,627	
Municipal Court Public Defender	5,086	405		5,491	
TAM Restaurant	5,266			5,266	
Ragamuffin Parade	1,485			1,485	
Save the Youth	1,489			1,489	
Fire Victims - Mc Swiggans	1,399			1,399	
Fire Education Fund	70,226	63,209	60,575	72,860	
Fire Regular Penalties	50,690	1,000		51,690	
Police-Left	112,964	55,394	13,845	154,513	
POAA Trust	810,747	54,548	94,869	770,426	
Municipal Court-OT-POAA	17,472	75,000	27,446	65,026	
Tax Collector Premiums	715,301	85,262	337,400	463,163	
Police Safe Team Driving	500			500	
St Patricks Day Parade	6,250			6,250	
Comp Services	2,252			2,252	
Open Space	1,445,740	306,690	21	1,752,409	
Escrow	609,093	104,862	212,038	501,917	
Tax Sale Premiums	474,021	368	4,262	470,127	
Law Enforcement	10,898	2,991		13,889	
O & M Fund	934,475	189,140	66,509	1,057,106	
O & M Fund-Hoboken South Waterfront	716,672	121,615	795	837,492	
O & M Fund-W Hotel	245,246	51,822		297,068	
Wanaque RCA Escrow	30,966	152	2	31,116	
Green Township RCA Escrow	6,489	11		6,500	
Demarest RCA Escrow	1,384			1,384	
North Haledon RCA Escrow	33,474	84		33,558	
Hazmat	140,522		3,856	136,666	
Redevelopment	55,710		36,153	19,557	
QCA Allied Risk	73,966			73,966	
Board Inspection	6,900	3,750		10,650	
Collector of Revenue Redemption Trust	657,511	983,976	1,189,209	452,278	
Workers Compensation	(91,332)	91,332			
Anticipated Revenue	119		119		
Municipal Superiors Association	22,015		1,667	20,348	
	<u>\$ 7,812,780</u>	<u>2,826,031</u>	<u>2,709,523</u>	<u>7,938,083</u>	<u>8,795</u>
		Receipts	2,734,699		
		Appropriations	<u>91,332</u>		
			<u>2,826,031</u>		

CITY OF HOBOKEN

Section 8 - Housing Assistance Program

Schedule of Reserves for Section 8 - Housing Assistance Program

Six Months ended December 31, 2010

Balance - June 30, 2010	\$ 939,996
Increased by:	
Interest Earnings	6
	<hr/>
	940,002
Decreased by:	
Program Expenditures	<hr/> 128,924
Balance - December 31, 2010	<hr/> <u>\$ 811,078</u>

Section 8 - Housing Assistance Program

Schedule of Due to Grantor

Six Months ended December 31, 2010

Balance - June 30, 2010	<u>\$ 47,711</u>
Balance - December 31, 2010	<u>\$ 47,711</u>

CITY OF HOBOKEN

Section 8 - Housing Assistance Program

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

Six Months ended December 31, 2010

Balance - June 30, 2010		\$ <u>31,492</u>
Increased by:		
Cash Receipts	<u>81,100</u>	
		<u>81,100</u>
		112,592
Decreased by:		
Cash Disbursements		<u>239,636</u>
Balance - December 31, 2010		\$ <u><u>(127,044)</u></u>

Community Development Block Grant Trust Fund

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

Six Months ended December 31, 2010

Balance - June 30, 2010		\$ <u>31,492</u>
Increased by:		
Cash Receipts	<u>81,100</u>	
		<u>81,100</u>
		112,592
Decreased by:		
Cash Disbursements		<u>239,636</u>
Balance - December 31, 2010		\$ <u><u>(127,044)</u></u>

CITY OF HOBOKEN

Community Development Block Grant Trust Fund

Schedule of Reserve for Community Development Block Grant

Six Months ended December 31, 2010

Balance - June 30, 2010	\$ <u>954,942</u>
Increased by:	
Grant Awards	<u>457,000</u>
	1,411,942
Decreased by:	
Disbursed by Section 8	<u>239,636</u>
Balance - December 31, 2010	\$ <u><u>1,172,306</u></u>

Community Development Block Grant Trust Fund

Schedule of Community Development Block Grant Receivable

Six Months ended December 31, 2010

Balance - June 30, 2010	\$ <u>923,450</u>
Increased by:	
Grant Awards	<u>457,000</u>
	1,380,450
Decreased by:	
Receipts	<u>81,100</u>
Balance - December 31, 2010	\$ <u><u>1,299,350</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Cash

General Capital Fund

Six Month Period Ended December 31 2010

Balance, June 30, 2010		\$	698,114
Increased by Receipts:			
Grants	\$	644,074	
Interfunds		2,000,000	
Reserves		341,000	
Bond Anticipation Notes		20,099,820	
Fund Balance		<u>14,074</u>	
			<u>23,098,968</u>
			23,797,082
Decreased by Disbursements:			
Improvement Authorizations		16,814,785	
Encumbrances		<u>47,043</u>	
			<u>16,861,828</u>
Balance, December 31, 2010		\$	<u><u>6,935,254</u></u>

CITY OF HOBOKEN, N.J.

Analysis of Cash

General Capital Fund

Six Month Period Ended December 31 2010

Reserve for Receivables	\$	15,000,000
Reserve for Payment of Notes		790,690
Reserve for Encumbrances		2,226,958
Amount Due to Parking Utility Capital Fund		2,000,000
Amount Due from Current Fund		(1,883,930)
Capital Improvement Fund		1,255,250
Fund Balance		28,478
Grants Receivable		(2,711,251)

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
P184	Acquisition of Fire Apparatus	143,943
R13	Reconstruction & Renovation of Certain Piers	1,013,195
	Bond Ordinance for Tax Overpayment Refunds	(267,836)
	Creation of North Park	(371,667)
R85	Creation of Castle Point Park	185,830
R301	Multi-Service Center	8,445
R301	Elysian Park	106
R302	Improvements - City Hall	121,527
R433	Removal & Closure of Underground Storage Tanks	53,492
DR42	Various Projects and Improvements:	
	Underground Storage Tanks	1,317
	Police Headquarters	54,250
	Acquisition of Fire Engines	3,552
	Acquisition of Equipment and vehicles	894
	Improvement to City Parks	5,000
DR233	Land Parcel Acquisition	151,592
DR233	Improvements of Buildings and Equipment	231,309
DR233	Acquisition of Vehicles and Equipment	24,029
DR621/337	Various Road Improvements	(596,448)
DR326	Reconstruction of Pier C	(13,849,066)
	Construction of Waterfront Walkway	101,229
Z-18	Improvements to 1600 Park and Hoboken Cove	(54,677)
Z-23	Acquisition of Fire Apparatus	30,000
Z-30	Castle Point and Sinatra Park Waterfront Walkway	2,868,304
Z-33	Various Capital Improvements	165,816
Z-40	Acquisition of Public Works Garage	204,923
		<u>\$ 6,935,254</u>

CITY OF HOBOKEN, N.J.

Schedule of Grants Receivable

General Capital Fund

Six Month Period Ended December 31 2010

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance, June 30, 2010</u>	<u>Awarded</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2010</u>
DR-326	Port Authority: 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
	New Jersey State Highway Facilities Grant: Reserve for Maxwell Place Walkway	644,074		644,074	
	Developer's Share: Reserve for Maxwell Place Walkway	101,730			101,730
Z-18	State of New Jersey Green Acres: 1600 Park Avenue	1,700,000		1,700,000	
Z-18	Hoboken Cove	1,000,000		1,000,000	
Z-18	County of Hudson Open Space Trust Fund: 1600 Park Avenue	200,000		200,000	
Z-18	Hoboken Cove	350,000		350,000	
Z-18	Economic Development Authority: Hoboken Cove	877,000		877,000	
		<u>7,482,325</u>		<u>4,771,074</u>	<u>2,711,251</u>
			Re-established Cash Receipts	<u>4,127,000</u> <u>644,074</u>	
				<u>4,771,074</u>	

CITY OF HOBOKEN, N.J.

Schedule of Deferred Charges to Future
Taxation - Funded

General Capital Fund

Six Month Period Ended December 31 2010

Balance, June 30, 2010		\$ 38,972,656
Decreased by:		
Green Acres Loans Paid by Current	90,552	
Current Year Budget Appropriations		
Conversion of Green Acres Loan to Grant	<u>306,026</u>	
		<u>396,578</u>
Balance, December 31, 2010		\$ <u><u>38,576,078</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Interfund Due from/(to) Various Funds

General Capital Fund

Six Month Period Ended December 31 2010

	Balance June 30, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance Dec. 31, <u>2010</u>
Current Fund	\$	1,883,930		1,883,930
Parking Utility Capital Fund			<u>2,000,000</u>	<u>(2,000,000)</u>
	\$	<u>1,883,930</u>	<u>2,000,000</u>	<u>(116,070)</u>
Capital Improvement Fund	\$	1,130,000		
Bond Anticipation Notes		753,930		
Parking Utility Notes			<u>2,000,000</u>	
	\$	<u>1,883,930</u>	<u>2,000,000</u>	

CITY OF HOBOKEN, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Six Month Period Ended December 31, 2010

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, June 30, 2010		Interest Rate	Balance June 30, 2010	Balance Dec. 31, 2010
			Date	Amount			
Early Retirement Pension Refunding Bonds	Aug. 1, 2003 \$	7,382,000	04/01/11	80,000	5.45%	7,297,442	7,297,442
			04/01/12	105,000	5.45%		
			04/01/13	140,000	5.45%		
			04/01/14	185,000	6.00%		
			04/01/15	225,000	6.00%		
			04/01/16	275,000	6.00%		
			04/01/17	295,000	6.00%		
			04/01/18	330,000	6.00%		
			04/01/19	360,000	6.50%		
			04/01/20	380,000	6.50%		
			04/01/21	440,000	6.50%		
			04/01/22	475,000	6.50%		
			04/01/23	525,000	6.50%		
			04/01/24	580,000	6.50%		
			04/01/25	660,000	6.50%		
			04/01/26	775,000	6.50%		
			04/01/27	217,820	7.14%		
04/01/28	213,756	7.14%					
04/01/29	212,557	7.14%					
04/01/30	209,767	7.14%					
04/01/31	207,099	7.14%					
04/01/32	204,501	7.14%					
04/01/33	201,942	7.14%					
Qualified General Improvement Refunding Bonds, Tax Exempt Series 2003B	Nov. 1, 2003 \$	38,325,000	02/01/11	3,090,000	4.76%	29,745,000	29,745,000
			02/01/12	3,250,000	4.96%		
			02/01/13	3,415,000	5.12%		
			02/01/14	19,990,000	6.00%		
						\$ 37,042,442	\$ 37,042,442

CITY OF HOBOKEN, N.J.

Schedule of Green Acres Loans Payable

General Capital Fund

Six Month Period Ended December 31 2010

Balance, June 30, 2010		\$ 1,905,742
Decreased by:		
Payment	90,552	
Conversion of Green Acres Loan to Grant	<u>306,026</u>	
		<u>396,578</u>
Balance, December 31, 2010		<u><u>1,509,164</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Underground Storage Tank Loan Payable

General Capital Fund

Six Month Period Ended December 31, 2010

	Original Issue		Date	Maturities of Loans Outstanding, Dec. 31, 2010	Interest Rate	Balance	
	Date	Amount				June 30, 2010	Dec. 31, 2010
Remediation of Underground Storage Tank	02/01/02	\$ 244,735	02/01/11	24,472	*	\$ 24,472	24,472
						<u>\$ 24,472</u>	<u>24,472</u>

* - Interest free

CITY OF HOBOKEN, N.J.
Schedule of Reserve for Encumbrances
General Capital Fund
Six Month Period Ended December 31 2010

Balance, June 30, 2010	\$ 47,043
Increased by:	
Improvement Authorizations	\$ <u>2,226,958</u>
	2,274,001
Decreased by:	
Payments	<u>47,043</u>
Balance, December 31, 2010	\$ <u><u>2,226,958</u></u>

CITY OF HOBOKEN, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Six Month Period Ended December 31 2010

Balance, June 30, 2010	125,250
Increased by:	
Budget appropriation	\$ <u>1,130,000</u>
Balance, December 31, 2010	\$ <u><u>1,255,250</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Reserves

General Capital Fund

Six Month Period Ended December 31 2010

	Balance June 30, <u>2010</u>	<u>Increases</u>	Balance Dec. 31, <u>2010</u>
Reserve for:			
Hazmat Fund	\$ 17,630		17,630
Payment of BANs - ADA Library	232,060		232,060
Green Acres - 1600 Adams Street	200,000		200,000
COPs Agreement - Reconst. of Pier C	15,000,000		15,000,000
Green Acres - 1600 Park Avenue	<u> </u>	<u>341,000</u>	<u>341,000</u>
	<u>\$ 15,449,690</u>	<u>341,000</u>	<u>15,790,690</u>

CITY OF HOBOKEN, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Six Month Period Ended December 31 2010

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance June 30, 2010</u>	<u>Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2010</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	15,000,000			15,000,000
Z-18	Improvements to 1600 Park Ave & Hoboken Cove		4,127,000	1,500,000	2,627,000
Z-23	Acquisition of Fire Apparatus	579,500			579,500
Z-30	Castle Point and Sinatra Park Waterfront Walkway	12,000,000		3,000,000	9,000,000
Z-33	Various Capital Improvements	403,750		403,750	
Z-40	Acquisition of Public Works Garage	15,950,000		15,950,000	
		<u>\$ 45,622,753</u>	<u>4,127,000</u>	<u>20,853,750</u>	<u>28,896,003</u>

CITY OF HOBOKEN, N.J.

Schedule of Cash - Treasurer

Parking Utility Operating Fund

Six Month Period ended December 31, 2010

		<u>Operating</u>
Balance, June 30, 2010		\$ 2,818,463
Increased by Receipts:		
Budgeted Revenues		<u>7,038,654</u>
		9,857,117
Decreased by Disbursements:		
2010 Appropriations	4,927,079	
June 30, 2010 Appropriation Reserves	533,841	
Accrued Interest Paid (net change)	<u>52,396</u>	
		<u>5,513,316</u>
Balance, December 31, 2010		\$ <u><u>4,343,801</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Deferred Charges

Parking Utility Operating Fund

Six Months Ended December 31, 2010

Balance - June 30, 2010	\$ <u>20,000</u>
Decreased By:	
Amount Raised in Budget	<u>20,000</u>
Balance - December 31, 2010	\$ <u><u> </u></u>

CITY OF HOBOKEN, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Parking Utility Operating Fund

Six Month Period ended December 31, 2010

	Balance December 31, <u>2010</u>	Balance June 30, <u>2010</u>
Parking Utility Capital Fund	\$ <u>1,974,000</u>	<u>1,974,000</u>
	\$ <u><u>1,974,000</u></u>	<u><u>1,974,000</u></u>

CITY OF HOBOKEN, N.J.

Statement of June 30, 2010 Appropriation Reserves

Parking Utility Operating Fund

Six Month Period ended December 31, 2010

	Balance Jun. 30, 2010	Balance After Transfers	Paid Or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 402,200	402,200		402,200
Other Expenses	1,205,174	1,205,174	533,841	671,333
Other Expenses-Trustee Fees	36,417	36,417		36,417
Total Operating	<u>1,643,791</u>	<u>1,643,791</u>	<u>533,841</u>	<u>1,109,950</u>
Capital Improvements				
Capital Outlay	<u>445,000</u>	<u>445,000</u>		<u>445,000</u>
Total Capital Improvements	<u>445,000</u>	<u>445,000</u>		<u>445,000</u>
	<u>\$ 2,088,791</u>	<u>2,088,791</u>	<u>533,841</u>	<u>1,554,950</u>

CITY OF HOBOKEN, N.J.

Schedule of Security Deposits

Parking Utility Operating Fund

Six Months ended December 31, 2010

Balance, June 30, 2010	\$ <u>233,776</u>
Balance, December 31, 2010	\$ <u><u>233,776</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Accrued Interest Payable

Parking Utility Operating Fund

Six Months ended December 31, 2010

Balance - June 30, 2010		\$	572,598
Increased By:			
Interest on Bonds	485,515		
Interest on Notes	<u>57,299</u>		
			<u>542,814</u>
			1,115,412
Decreased By:			
Interest Paid			<u>595,210</u>
Balance - December 31, 2010		\$	<u><u>520,202</u></u>

Analysis of Accrued Interest Payable at December 31, 2010:

	<u>Outstanding Principal</u>	<u>Interest Rate</u>	<u>Terms</u>	<u>Accrued Interest</u>
Bond Anticipation Notes	\$ 4,200,000	2.25%	09/04/10 - 12/31/10	19,688
Huson County Notes	\$ 2,000,000	1.50%	07/01/10 - 12/31/10	15,000
Bonds	\$ 19,855,000	Various	07/01/10 - 12/31/10	<u>485,515</u>
				\$ <u><u>520,202</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Reserve for Encumbrances

Parking Utility Operating Fund

Six Months ended December 31, 2010

Balance - June 30, 2010	\$	
Increased By:		
Current Year Encumbrances		<u>380,076</u>
Balance - December 31, 2010	\$	<u><u>380,076</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Interfund Accounts Payable - Current Fund

Parking Utility Operating Fund

Six Months ended December 31, 2010

Balance - June 30, 2010	\$	
Decreased By:		
Expenditures paid in Current Fund		<u>309,694</u>
Balance - December 31, 2010	\$	<u><u>309,694</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Fixed Capital

Parking Utility Capital Fund

Six Months ended December 31, 2010

Balance, June 30, 2010	\$ <u>45,157,185</u>
Balance, December 31, 2010	\$ <u><u>45,157,185</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Due From General Capital Fund

Parking Utility Capital Fund

Six Months ended December 31, 2010

Balance - June 30, 2010	\$	
Increased By:		
Bond Anticipation Notes Deposited in General Capital Fund		<u>2,000,000</u>
Balance - December 31, 2010	\$	<u><u>2,000,000</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Interfunds Due from/(to) Various Funds

Parking Utility Capital Fund

Six Months ended December 31, 2010

	Balance, December 31, <u>2010</u>	Balance, June 30, <u>2010</u>
Parking Utility Operating Fund	\$ <u>1,974,000</u>	<u>1,974,000</u>
	\$ <u><u>1,974,000</u></u>	<u><u>1,974,000</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Parking Utility Serial Bonds

Parking Utility Capital Fund

Six Months ended December 31, 2010

Purpose	Date of issue	Original issue	Maturities of bonds outstanding, June 30, 2010		Interest rate	Balance, June 30, 2010	Balance, Dec. 31, 2010
			Date	Amount			
Parking Utility General Obligation Bonds - Series 2002	12/31/98	26,530,000	January 1, 2011	1,125,000	5.060%	\$ 19,855,000	19,855,000
			January 1, 2012	1,185,000	5.060%		
			January 1, 2013	1,250,000	5.060%		
			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%		

\$ 19,855,000

19,855,000

CITY OF HOBOKEN, N.J.
Schedule of Improvement Authorizations

Parking Utility Capital Fund

Six Months ended December 31, 2010

Ordinance number	<u>Improvement description</u>	<u>Ordinance</u>		Balance, June 30, 2010		Balance, December 31, 2010	
		<u>Date</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Unfunded</u>
Unknown	Improvements to Parking Garage	12/19/07	2,200,000		226,000		226,000
			\$		226,000		226,000

CITY OF HOBOKEN, N.J.

Schedule of Reserve for Amortization

Parking Utility Capital Fund

Six Months ended December 31, 2010

Balance, June 30, 2010	\$ 18,702,185
Increased by:	
Payment of Bond Anticipation Note Principal	<u>200,000</u>
Balance, December 31, 2010	<u><u>\$ 18,902,185</u></u>

CITY OF HOBOKEN, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Parking Utility Capital Fund

Six Months ended December 31, 2010

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Ordinance</u>		<u>Balance June 30, 2010</u>	<u>Notes Issued</u>	<u>Balance Dec. 31, 2010</u>
		<u>Date</u>	<u>Amount</u>			
???	Improvements to Parking Garage	12/19/07	2,200,000	2,200,000	2,000,000	200,000
				\$ 2,200,000	2,000,000	200,000

CITY OF HOBOKEN

LETTERS ON COMPLIANCE AND ON INTERNAL CONTROL

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

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

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

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

We have audited the financial statements-regulatory basis of the City of Hoboken in the County of Hudson as of and for the six month period ended December 31, 2010, and have issued our report thereon dated November 3, 2011. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the City of Hoboken prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The report on November 3, 2011 was qualified because the financial statements referred to above do not include an updated Statement of General Fixed Assets as required by the Division of Local Government Services. Also, the City did not implement the requirements of Governmental Accounting Standards Board (GASB), Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Except as discussed in the preceding sentences, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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



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

- Inadequate procedures for appropriately assessing and applying accounting principles.
- Failure of controls designed to safeguard assets from loss, damage or misappropriation.

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

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

Compliance and Other Matters

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

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

Honorable Mayor and
Members of the City Council
Page 3.

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



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



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

November 3, 2011

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

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

Compliance

We have audited the compliance of the City of Hoboken, County of Hudson, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that is applicable to each of its major federal programs for the six month period ended December 31, 2010. The City of Hoboken's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Hoboken's management. Our responsibility is to express an opinion on the City of Hoboken's compliance based on our audit.

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

In our opinion, the City of Hoboken complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the six month period ended December 31, 2010.

Internal Control Over Compliance

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

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

- Inadequate procedures for appropriately assessing and applying accounting principles.
- Failure of controls designed to safeguard assets from loss, damage or misappropriation.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. The City of Hoboken's responses to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Hoboken's response and, accordingly, we express no opinion on it.

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

Honorable Mayor and
Members of the City Council
Page 3.

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



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



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

November 3, 2011

CITY OF HOBOKEN, N.J.

Schedule of Expenditures of Federal Awards

Six Months ended December 31, 2010

Program	CFDA number	Grant period	Award Amount	Balance at June 30, 2010	Cash Received	Expenditures	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2010	MEMO Cumulative Total Expenditures
<u>Federal Grantor, Pass-Through Grantor, Program Title:</u>								
Dept. of Housing and Urban Development:								
Direct:								
Section 8 Housing Assistance Program								
Total Direct Programs								
	14.218	Prior Year	8,353,299	125,000			125,000 *	8,228,299
			8,353,299	125,000			125,000 *	8,228,299
Passed Through Hudson County Dept. of Finance and Admin:								
	14.218		235,890					152,643
	14.218		595,420					535,420
	14.218		447,000	30,773			30,773 *	447,000
	14.218		489,400	(8,819)			(8,819) *	370,819
	14.218		412,000	209,210			209,210 *	352,789
	14.218	2009	50,000					50,000
	14.218		100,000					100,000
		2010	10,000					10,000
		2010	20,000					20,000
		2010	50,000					50,000
	14.218	2010	50,000	231,164			231,164 *	2,138,671
			2,459,710	356,164			356,164 *	10,366,970
Total U.S. Dept. of Housing and Urban Development								
Dept. of Justice:								
Direct:								
Public Safety Partnership and Community Policing Grants								
	16.710	2007	22,800	22,800			22,800 *	
	16.710	2009	8,883	8,883			8,883 *	
	16.738	2009	20,015		20,015		(20,015) *	20,015
	16.738	2010	82,531		82,531		(82,531) *	82,531
			134,229	31,683	102,546		(70,863) *	102,546
Subtotal Department of Justice Grants								
	16.540		197,446	(952)	952			197,443
	16.540	2009	223,587	2,935	50,011	50,173	2,773 *	220,817
			421,033	1,983	50,963	50,173	2,773 *	418,260
			555,262	33,666	50,963	152,719	(68,090) *	520,806
Total Direct Programs								

CITY OF HOBOKEN, N.J.

Schedule of Expenditures of Federal Awards

Six Months ended December 31, 2010

Program	CFDA number	Grant period	Award Amount	Balance at June 30, 2010	Cash Received	Expenditures	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2010	MEMO Cumulative Total Expenditures
Department of Agriculture:								
Passed Through the NJ Department of Agriculture								
Summer Food Service	10.559	Prior Year	20,000					
Summer Food Service	10.559	2007	16,739	6,274		536	5,738	20,000
Summer Food Service	10.559	2008	38,165					38,165
Summer Food Service	10.559	2009	35,661	(2,866)			(2,866)	30,303
Summer Food Service	10.559	2010	31,374		31,206	31,023	183	31,023
Summer Food Service	10.559	2010	25,728	25,728			25,728	
			167,667	29,136	31,206	31,559	28,783	130,492
Department of Transportation								
Passed Through the NJ Department of Transportation								
Safe Streets to School Program	20.205		100,000					100,000
2005 Roadway Improvement Project	20.205	Prior Year		114,926			114,926	
State Highway Signage - Hudson Place 2003	20.205	Prior Year	32,585				32,585	
State Highway Signage - Hudson Place 2004	20.205	Prior Year	19,144				19,144	
State Aid Highway Street School District	20.205	12,551					12,551	
2006 Roadway Improvement Program	20.205	300,811		173,893		13,000	160,893	122,032
2006 Roadway Improvement - 8th Street Impr's	20.205	390,000		21,748			21,748	352,522
Downtown Revitalization	20.205	125,555		125,555			125,555	
SFY 2007 Roadway Improvement Program	20.205	450,000		240,335			240,335	209,665
1600 Park Avenue Development	20.205	300,000						
Highway Planning and Construction-Misc Projects 2000-2005	20.205	Prior Year		18,497			18,497	
2008 Roadway Improvements Project	20.205	2008	400,000	(56,817)			(56,817)	335,695
2010 Various Street Improvements	20.205	2010	460,531	(147,627)	294,937	40,178	107,132	453,025
2010 Safe Streets to Transit	20.205	2010	80,000		55,965		55,965	
			2,619,448	554,790	350,902	53,178	852,514	1,572,939
Department of Transportation								
Passed Through the NJ Division of Law & Public Safety								
State and Community Highway Safety (Walk Safe Pedestrian)	20.600	Prior Year	20,000	1,379			1,379	18,621
State and Community Highway Safety (Walk Safe Pedestrian)	20.600	2008	20,000	941			941	19,059
State and Community Highway Safety (Walk Safe Pedestrian)	20.600	2009	18,000					18,000
State and Community Highway Safety (Walk Safe Pedestrian)	20.600	2010	16,000	2,600	1,400		4,000	12,000
			74,000	4,920	1,400		6,320	67,680

CITY OF HOBOKEN, N.J.

Schedule of Expenditures of Federal Awards

Six Months ended December 31, 2010

Program	CFDA number	Grant period	Award Amount	Balance at June 30, 2010	Cash Received	Expenditures	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2010	MEMO Cumulative Total Expenditures
Department of Transportation								
Passed Through the National Highway Traffic Safety								
Over the Limit Under Arrest	20.601	2008	5,000				*	5,000
Over the Limit Under Arrest	20.601	2008	5,000	(4,800)			(4,800) *	4,800
Over the Limit Under Arrest	20.601	2009	4,700	4,700			4,700 *	
Over the Limit Under Arrest - Mobilization	20.601	2009	6,000				*	6,000
Over the Limit Under Arrest	20.601	2008	4,400	(5,000)	4,400	4,400	*	4,400
Over the Limit Under Arrest	20.601	2010	5,000	(5,100)	5,000		(100) *	5,000
			30,100		9,400	4,400		25,200
Department of Energy								
ARRA - Energy Efficiency & Conservation Block Grant								
	81.128	2010	161,000	41,692			41,692 *	
			161,000	41,692			41,692 *	
Department of Homeland Security								
FEMA - Staffing for Adequate Fire and Emergency Response								
	97.044	2010	453,441	(42,491)	54,433	54,433	(42,491) *	453,441
			453,441	(42,491)	54,433	54,433	(42,491) *	453,441
General Capital Fund:								
Economic Development Agency								
Hoboken Cove								
		2010	877,000	(48,900)	877,000		828,100 *	48,900
			877,000	(48,900)	877,000		828,100 *	48,900
Dept. of Highway Facilities:								
Maxwell Place Walkway								
	20.205	2008	9,109,567	(644,074)	644,074	644,074	(644,074) *	9,109,567
			9,109,567	(644,074)	644,074	644,074	(644,074) *	9,109,567
Total Federal Awards								
			\$ 15,750,927	\$ 279,803	2,019,378	940,363	1,358,818 *	22,295,995

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

CITY OF HOBOKEN, N.J.

Schedule of Expenditures of State Financial Assistance

Six Months ended December 31, 2010

Grant number	Grant period	Award Amount	Balance June 30, 2010	Cash Received	Budgetary Expenditures	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2010	MEMO	
							Cumulative	Total
Federal and State Grant Fund:								
Department of Community Affairs								
N/A	2008	Prior Year 1,250	1,250					10,090
N/A	2008	Prior Year 64,000	(2,990)					1,500
N/A	2009	79,000						64,000
N/A	2010	100,000	(25,003)	31,724		6,721		79,000
N/A	2008	49,000	(49,000)			(49,000)		100,000
N/A	2009	150,000						49,000
N/A	2010	250,000						250,000
N/A	2008	100,000						
N/A	2009	100,000						
N/A	2008	20,000						
N/A	2009	20,000						
N/A	2010	250,000			8,181	(8,181)		8,181
04-1955-00		2,250,000	(75,743)	31,724	8,181	(52,200)		2,205,000
								2,766,771
Dept. of Environmental Protection								
N/A		35,734	6			6		35,728
N/A		41,756	5,169		1,398	3,771		37,985
N/A		80,455	(52,258)			(52,258)		52,248
N/A	2009	85,304	36,920		9,059	27,821		15,989
N/A	2009	43,810						
N/A	2010	12,084						
N/A		58,198				58,198		
N/A		43,548	11,004			11,004		32,544
N/A		Prior Year 117,320	(67,708)			(67,708)		7,538
N/A	2008	136,132	23,209			23,209		117,320
N/A		302,342	(162,206)		282,449	(298,655)		2,485
07-4870		2,000	2,000			2,000		298,655
08-4870		3,000						3,000
			97,722		292,946	(195,224)		603,492
Dept of Health & Senior Services Direct								
N/A	2008	80,000						80,000
N/A	2008	120,417	90,893			90,893		29,524
N/A	2008	118,921	118,921			118,921		58,796
N/A	2007	58,796	(58,796)			(58,796)		5,909
N/A	2008	5,909			67	5,224		67
N/A	2009	23,363	(10,139)			(10,139)		17,528
N/A	2010	9,703	17,727		5,577	12,150		5,577
N/A	2008	4,531	2,946			2,946		1,585
N/A	2009	3,059	3,059			3,059		
N/A	2010	4,705	4,705			4,705		
10-480-BT-L-1	2010	104,454	22,830	1,890	14,204	10,516		37,184
			197,437	1,890	19,848	179,479		236,170

This Schedule was not subject to Single Audit under NJ Circular 04-04 and is intended for management purposes only.

CITY OF HOBOKEN, N.J.

Schedule of Expenditures of State Financial Assistance
Six Months ended December 31, 2010

Grant number	Grant period	Award Amount	Balance June 30, 2010	Cash Received	Budgetary Expenditures	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2010	MEMO Cumulative Total Expenditures
Dept. of Law and Public Safety							
00-BA-0905	Prior Year	14,359	3,098		245	2,853	11,506
00-BA-0905	2007	9,928	(4,165)			(4,165)	4,165
00-BA-0905	2008	17,039	1			1	17,038
00-BA-0905	2009	15,374	7,267		1,137	6,130	9,244
00-EA-0905	2010	14,377	14,377			14,377	8,883
00-BA-0905	2011	4,309		12,642	8,883	3,759	20,447
00-BA-0905	Prior Year	4,900	(400)			(400)	4,000
Click-It-Or-Ticket							
Click-It-Or-Ticket	2009	4,000					
Drunk Driving Enforcement Fund							
Drunk Driving Enforcement Fund	2007	10,624	10,624			10,624	
Drunk Driving Enforcement Fund	2010	5,142	5,142			5,142	
Drunk Driving Enforcement Fund	2010	12,377	5,942			5,942	6,435
Total Dept. of Law and Public Safety			41,885	12,642	10,265	44,263	81,718
Dept. of Justice							
Alcohol Bd Rehab Enforcement Fund	2007	18,224	18,224			18,224	
Alcohol Bd Rehab Enforcement Fund	2009	1,253	2,208		1,200	1,008	1,200
Byrne Justice Assistance Grant (JAG) Prosecutor	2007	19,120					19,120
Total Dept. of Justice			20,452		1,200	19,252	20,320
Department of Treasury							
State Contingency Fund							
Special Purpose Grant - 9/11/01 Memorial	N/A	110,000					110,000
Observer Hwy Firehouse							
Fire Department Grant	2007	36,000	36,000			36,000	
Fire Department Grant	2008	95,852	95,852			95,852	
Fire Department Grant	2009	237,515					237,515
Fire Department Grant	2010	42,492	42,492			42,492	
Total State Contingency Fund			174,344			174,344	597,515
Other State Agencies:							
Smart Growth Planning	2008	60,000	45,000			45,000	
Clean Energy Program	2009	41,692	(41,692)			(41,692)	41,692
Library Aid	2009	23,472					23,472
NJEDA Hazardous Site Remediation	2010	323,252	283,940			283,940	
Total State Contingency Fund			287,248			287,248	75,089
General Capital Fund:							
NY/NJ Port Authority							
Reconstruction of Pier C	2008	17,479,834	(1,078,046)			(1,078,046)	16,899,359
Total NY/NJ Port Authority			(1,078,046)			(1,078,046)	16,899,359
Dept. of Environmental Protection							
Reconstruction of Pier C	2008	2,520,166					1,569,166
Green Acres							
1600 Park Avenue	2010	1,700,000		1,700,000			1,700,000
Hoboken Cove	2010	1,000,000		1,000,000			1,000,000
Total State Dept. of Environmental Protection				2,700,000			2,700,000
Total State Assistance		\$	(334,720)	2,746,256	332,440	2,079,096	22,849,600

This Schedule was not subject to Single Audit under NJ Circular 04-04 and is intended for management purposes only.

CITY OF HOBOKEN, N.J.

Schedule of Expenditures of State Financial Assistance

Six Months ended December 31, 2010

Grant number	Grant period	Grant Amount	Balance June 30, 2010	Cash Received	Budgetary Expenditures	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2010	MEMO Cumulative Total Expenditures
Federal and State Grant Fund:							
Federal Grant/Pass Through Grant/Program Title							
Passed Through Hudson County Dept. of Finance and Administration:							
		2,000,000				*	
Hudson County Open Space Grant	2010	300,000	(31,519)		15,843	(47,362)	2,000,000
Hudson County Open Space Grant	2008	56,134	7,976			7,976	47,362
Municipal Alliance Program - County	2009	14,034					46,543
Municipal Alliance Program - City Match	2009	62,111			21,850	(21,850)	14,034
Municipal Alliance Program - County	2009	13,142					62,111
Municipal Alliance Program - City Match	2010	40,261	15,061	4,988		20,049	13,142
Municipal Alliance Program - County	2010	10,861	10,681				18,411
Adult Day Care	2007	66,482	35,604			10,681	
Adult Day Care	2008	210,225	121,418		57,600	35,604	57,600
Adult Day Care	2009	126,998	25,400			63,818	
Adult Day Care	2010	27,055	27,055			25,400	101,598
Adult Day Care	2010	127,000	(69,400)	51,373		27,055	
United Cerebral Palsy	2008	2,000				(18,027)	
United Cerebral Palsy	2009	2,000					
United Cerebral Palsy	2010	2,000					
City Recreation Program	2008	10,000					
City Recreation Program	2009	10,000					
City Recreation Program	2009	50,000					
Jubilee Center	2008	5,300					
Library Computer Replacement	2008	40,674	40,000			40,000	5,300
Comprehensive Program for the Elderly		674	674			674	
Comprehensive Program for the Elderly Cultural and Heritage Program		4,734	(1,184)			(1,184)	4,734
Total Pass-Through Programs	2010		181,766	56,361	95,293	142,834	2,440,235
Other Direct Programs:							
Fire Department Hazard Donations	N/A	36,616	36,616			36,616	
NJ Youth Football Grant	N/A	8,000	4,000			4,000	
Senior Emergency Funds	N/A	2,684	(2,583)		101	(2,684)	2,684
The Trust for Public Land:							
1600 Park Avenue (Acquisition)	2008	2,300,000					2,300,000
1600 Park Avenue (Land and Water)	2008	1,513,420	7,680			7,680	1,513,420
PAL of NJ - After School Initiative Grant	2010	30,000		10,372	6,640	3,732	6,640
Health Officers Association LINGS Grant	2010	2,500	300			300	2,200
Total Other Direct Programs			46,013	10,372	6,741	49,044	3,824,944
General Capital Fund:							
Developer's Share - Toll Brothers	2008	3,061,262	(101,730)			(101,730)	3,061,262
Maxwell Place Walkway			(101,730)			(101,730)	3,061,262
Total Developer's Share							
Hudson County Open Space	2010	200,000		200,000		200,000	
1600 Park Avenue	2010	350,000		350,000		350,000	
Hoboken Cove							
Total Developer's Share				550,000		550,000	
Total County/Other Assistance			227,779	616,733	102,034	742,478	6,265,179
Total State and County/Other Assistance		\$	(106,941)	3,362,989	434,474	2,821,574	29,114,779

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

This Schedule was not subject to Single Audit under NJ Circular 04-04 and is included for management purposes only.

CITY OF HOBOKEN
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2010

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	\$296,289	\$332,440	\$102,034	\$730,763
General Capital Fund	<u>644,074</u>	<u> </u>	<u> </u>	<u>644,074</u>
	<u>\$940,363</u>	<u>\$332,440</u>	<u>\$102,034</u>	<u>\$1,374,837</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 SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(CONTINUED)

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The City's federal and state loans outstanding at December 31, 2010, which are not required to be reported on the schedule of expenditures of federal and state awards, are as follows:

<u>Loan Program</u>	<u>Total</u>
Underground Storage Tank Loan	\$24,472
State of New Jersey Green Acres Trust Loan	<u>1,509,164</u>
	<u>\$1,533,636</u>

**CITY OF HOBOKEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2010**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: qualified

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? X yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with 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 Staffing for Adequate Fire & Emergency Response</u>
<u>20.205</u>	<u>Various Improvements - Walkway</u>

CITY OF HOBOKEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

Section II - Schedule of Financial Statement Findings

None

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

FINDING: TY2010-1

STATEMENT OF CONDITION

Inadequate procedures for appropriately assessing and applying accounting principles.

CRITERIA

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

EFFECT

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

CAUSE

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

RECOMMENDATION

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

CITY OF HOBOKEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2010
(continued)

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: 2010-1

RECOMMENDATION

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

STATUS

Unchanged

CITY OF HOBOKEN

GENERAL COMMENTS

Contracts and Agreements Requiring Advertisement for Bid

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

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

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

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

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

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

- Improvement of City Roadways
- Waste Removal Services
- 3-Wheel Scooter with Dumper
- Police Headquarters Roof Repair
- Summer Food Services

CITY OF HOBOKEN

GENERAL COMMENTS, (continued)

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on July 1, 2009 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

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

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

CITY OF HOBOKEN

GENERAL COMMENTS, (continued)

Delinquent Taxes and Tax Title Liens

A tax sale was not held in 2010.

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>
Six Month Period Ended December 31, 2010	50
Year Ended June 30, 2010	50
Year Ended June 30, 2009	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.

CITY OF HOBOKEN

OTHER COMMENTS

DECEMBER 31, 2010

CITY CLERK

1. Not all Local Government Ethics Law Financial Disclosure statements were returned by the same officials as required by N.J.S.A. 40A:9-22.1.

FINANCE/TREASURER

- 1.* 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:

POAA
Employee Trust

- 2.* Technical Accounting Directive #2, codified as N.J.A.C. 5:30-5.6., requires the City to place a value of all fixed assets put into service. The City had hired an appraisal company to prepare a listing of the City's assets as well as appraise each asset's value. The report prepared was for the fiscal year ended June 30, 2004 and has not been maintained to report new assets.
- 3.* Petty cash disbursed to various departments does not agree to State approved petty cash application in accordance with N.J.S.A. 40A:5-21.
- 4.* Prior year encumbrances are not being cancelled correctly in the General Capital Fund.
- 5.* Trust fund bank reconciliations contain several unidentified adjustments.
- 6.* Expenditures were incurred against grant awards that had not yet been appropriated.
7. Budget transfers were made to two ineligible accounts.

PURCHASING

- 1.* Informal quotes were not obtained for some purchases over 15% of the bid threshold N.J.S.A. 40A:11-6(1).
- 2.* Not all bid documents were available for review as required by N.J.S.A. 40A:11.
3. N.J. Business Certificates were not available at the time of the audit.

CITY OF HOBOKEN
OTHER COMMENTS, CONTINUED

PAYROLL/PERSONNEL

- 1.* Lack of documentation for employees upon retirement/termination.
- 2.* Instances where penalties/fees for late enrollment of Pension Program were assessed to the City of Hoboken.
3. Instances where penalties/fees for an unauthorized Early Retirement Incentive Program.
- 4.* Payroll registers are only being reviewed by the person processing the payroll.
5. Instances where errors on calculations of the Police Officer's longevity were found.

PARKING UTILITY

1. Credit card transactions are not being properly recorded or reconciled to the bank statements. The Utility's general ledger contains several unidentified adjustments to cash and revenue.

DEPARTMENTS

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

Recreation Department
- 2.* The following departments are not reconciling monies deposited to the Treasurer's records on a regular basis:

Police Department
Vital Statistics
Planning and Zoning
3. There are 812 tickets assigned over 180 days on the Court's December Monthly Management Report.

CITY OF HOBOKEN
RECOMMENDATIONS
DECEMBER 31, 2010

CITY CLERK

1. That all Government Officials are required and should submit a Local Government Ethics Law Financial Disclosure Statement per N.J.S.A. 40A:9-22.1.

FINANCE/TREASURER

1. That all financial transactions be recorded in the General Ledger as required by Technical Accounting Directive#3 for the following funds:

POAA
Employee Trust
2. That the appraisal company should be contacted to update the report yearly.
3. That an updated application be submitted to the State to approve various appointments of petty cash.
4. That prior year encumbrances be cancelled correctly on the General Capital Fund.
5. That all adjustments be identified and recorded for reconciliations to the Trust Fund.
6. That all grant awards be included in the adopted budget or approved via N.J.S.A. 40A:4-87 prior to contracts being encumbered and expenditures incurred.
7. Budget transfers should be made in accordance with Local Budget Law.

PURCHASING

1. All purchases over 15% of the bid threshold should obtain informal quotes as required by Local Public Contracts Law.
2. That all bids sought by public advertisement be maintained by the City and made available for audit review.
3. That all N.J. Business Certificates be obtained by the City as required by LFN 2004-24.

CITY OF HOBOKEN
RECOMMENDATIONS, CONTINUED

PAYROLL/PERSONNEL

1. That proper records are kept for retired/terminated employees documenting termination date and any termination pay outs.
2. That more care be taken to ensure all pension program enrollments are made in a timely manner to negate any additional penalties or fees.
3. That more care be taken to ensure all pension requirements are met to negate any additional penalties or fees.
4. That authorized signatures be present as evidence that the payroll register is reviewed by another responsible party that is not involved with the payroll process.
5. That salary calculations be reviewed and corrected. Payroll and Personnel should reviewed salary increases.

PARKING UTILITY

1. The Parking Utility should properly record and reconcile all credit card transactions.

DEPARTMENTS

1. That the Recreation Department maintains a receipt journal to support receipts.
2. That the following departments reconcile monies deposited to the Treasurer's records on a regular basis:
 - Police Department
 - Vital Statistics
 - Planning and Zoning
3. That tickets over 180 days be recalled by the Court Administrator.

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. Wielkotz
Registered Municipal Accountant
No. CR00413



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

November 3, 2011